TD/B/1309 (Vol. II)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TRADE AND DEVELOPMENT BOARD

Thirty-eighth session
First part
(23 September - 4 October 1991)

OFFICIAL RECORDS
Supplement No. 1A (Part I)

Report

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New York, 1992

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 18-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session,* vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 28-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 53-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43;

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50;

Sixth session: *Proceedings of the United Nations Conference on Trade and Development, Sixth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A, pp. 6-40;

Seventh session: *Proceedings of the United Nations Conference on Trade and Development, Seventh Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A, pp. 6-27.

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Preface

The first part of the thirty-eighth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 23 September to 4 October 1991.

Part I of the present report contains the resolutions and decisions adopted by the Board in the course of the session, as well as the action taken under agenda item 10 (Other business) on the draft convention on maritime liens and mortgages.

Part II summarizes the proceedings of the Board, both in Plenary and in the two Sessional Committees, on the substantive items of the agenda. The organizational matters are dealt with in chapter VIII.

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PART I. RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE FIRST PART OF ITS THIRTY-EIGHTH SESSION*

A. Resolutions

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394 (XXXVIII)	Economic cooperation among developing countries and problems of trade and trade financing
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395 (XXXVIII)	Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session
397 (XXXVIII)	Review of the calendar of meetings

C. Other action by the Board

- Draft convention on maritime liens and mortgages

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* All texts were adopted, without a vote, at the 797th plenary meeting, on 4 October 1991.

A. RESOLUTIONS

393 (XXXVIII). UNCTAD's contribution, within its mandate, to sustainable development*

The Trade and Development Board,

Recalling General Assembly resolutions 44/228, 45/203, 45/210 and 45/211,

Recalling its decision 384 (XXXVII),

Reaffirming the importance of an integrated perspective of both environment and development, in order to tackle successfully the root causes of poverty and environmental degradation and achieve the objective of sustainable development in all countries,

Recalling that sustainable development constitutes an important cross-sectoral issue on the agenda of UNCTAD VIII, within the overall context of promoting accelerated development, and reconfirming that sustainable development gives an additional dimension to the central issue of interdependence in UNCTAD's work, as well as a further rationale for international cooperation, including development cooperation,

Welcoming the collaboration between the United Nations Conference on Environment and Development (UNCED) and UNCTAD, and noting the report of the Secretary-General of UNCTAD on "Environment and International trade" (A/CONF.151/PC/48) to the third session of the Preparatory Committee for UNCED,

Welcoming the decision adopted by the Committee on Commodities at its fourteenth session regarding sustainable development (agreed conclusions 26 (XIV), section D),

1. Notes with satisfaction that the concept of sustainable development is increasingly being integrated into the ongoing work of the UNCTAD secretariat, and encourages the Secretary-General of UNCTAD to pursue this process, ensuring that this work contributes to innovative thinking and increased awareness in the area of environmental development economics;

2. Urges UNCTAD's intergovernmental bodies to continue to incorporate the objective of sustainable development into their work and to give consideration to activities in relation to sustainable development in the context of their work programmes, in accordance with Board decision 384 (XXXVII); and in this regard stresses the importance of UNCTAD's contribution, within its mandate, to the preparatory process of the United Nations Conference on Environment and Development and to the follow-up to this Conference;

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* For the statement of position made by the delegation of the United States of America on this resolution, see part II, paragraph 271, below.

3. *Considers* that the interim report by the UNCTAD secretariat, "Policies and mechanisms for achieving sustainable development" (TD/B/1304), constitutes a useful analysis, as it illustrates its applicability in developed and developing countries and underlines that solutions to environmental as well as developmental problems have also to be sought across sectoral boundaries;

4. *Requests* the Secretary-General of UNCTAD to complete the analysis called for in paragraph 5 of decision 384 (XXXVII), and to provide the full report for the first part of the thirty-ninth session of the Board;

5. *Requests* the Secretary-General of UNCTAD to take all necessary steps to ensure the prompt implementation of paragraph 6 of Board decision 384 (XXXVII) as affirmed by General Assembly resolution 45/210, and to disseminate information from the Trade Control Measures Information System (TCMIS) and any analysis thereof, when appropriate;

6. *Requests* the Secretary-General of UNCTAD, as a follow up to the report on "Environment and international trade", to study the impact on trade, in particular that of developing countries, of environmental measures taken nationally or internationally;

7. *Agrees* that transfer and development of environmentally sound technologies is an essential component of a successful strategy for sustainable development, *requests* the Secretary-General of UNCTAD to continue the identification of areas in which the application of environmentally sound technologies can have a positive impact on the competitiveness and development of developing countries, as well as to study the prerequisites of infrastructure in developing countries for the development of their own technology and to enable them to make informed choices about technologies appropriate to their specific needs and conditions, and also *requests* the Secretary-General of UNCTAD to suggest effective modalities to support the efforts of developing countries in respect of access to, transfer of, creation and development of environmentally sound technologies, taking into account what is being done by UNCED in this area;

8. *Requests* the Secretary-General of UNCTAD to provide, within UNCTAD's mandate, technical assistance to developing countries, in particular the least developed among them, in cooperation with other relevant forums, on developmental aspects in relation to ongoing deliberations on environmental issues; and *invites* international development agencies, such as UNDP, and donor countries in a position to do so, to provide voluntary extrabudgetary resources to UNCTAD for this purpose;

9. *Emphasizes* that, in undertaking the activities mentioned above, the interests of the least developed countries should be given special consideration.

797th meeting
4 October 1991

394 (XXXVIII). Economic co-operation among developing countries and problems of trade and trade financing

The Trade and Development Board,

Recalling Committee resolution 4 (V) on economic cooperation among developing countries (ECDC), which, *inter alia*, called for assessing the feasibility of establishing an Interregional Trade Finance Facility (ITFF), and Board resolution 385 (XXXVII) which, *inter alia*, called for a study on impediments and disincentives which adversely affect the expansion of trade among developing countries,

Aware that while the implementation and strengthening of ECDC is primarily the responsibility of developing countries, the support and participation, as appropriate, of the other members of the international community, in particular developed countries and the appropriate international and multilateral organizations, plays a significant role in ECDC success,

1. *Reiterates* the need for continued and intensified support by the UNCTAD secretariat to ECDC in conformity with General Assembly resolution 39/216 and the relevant Conference resolutions so as to contribute to the development of the developing countries and their gradual integration in the world economy;

2. *Recognizes* that the availability of, and accessibility to, trade finance by the developing countries on appropriate terms and conditions from all sources as well as all other aspects of trade facilitation, including the elimination of impediments to trade, are important for trade expansion in this context;

3. *Commends* the efforts of the UNCTAD secretariat and the experts convened by the Secretary-General of UNCTAD for the study on the problem of trade financing and an ITFF;

4. *Calls upon* the Secretary-General of UNCTAD:

(a) To undertake a process of consultations with all interested governments on the feasibility of establishing an interregional trade finance mechanism among developing countries, allowing enough time for all parties concerned to reach their conclusions and decisions on this matter, and to report the results of this endeavour and his conclusions no later than the thirty-ninth session of the Board;

(b) To undertake consultations and collaboration with appropriate international and multilateral institutions to further refine and develop various aspects of an ITFF;

5. _Calls upon_ the UNCTAD secretariat to continue to assist developing countries in their efforts to strengthen and develop their national finance mechanisms through, as appropriate, studies, extension of expertise and technical assistance within its mandate. In this connection, UNDP and other funding institutions are invited to provide financial support to carry out such projects.

797th meeting
4 October 1991

396 (XXXVIII). _Debt and development problems of developing countries_*

The Trade and Development Board,

Reaffirming its resolution 388 (XXXVII) of 17 October 1990, and its resolution 165 (S-IX) of 11 March 1978,

Recalling the Final Act of the seventh session of the United Nations Conference on Trade and Development and General Assembly resolution 45/214,

Recalling also the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, contained in the annex to General Assembly resolution S-18/3, and especially its paragraph 26,

Recognizing the importance of resources for development in the agenda for UNCTAD VIII,

Noting the progress made by some debtor countries, which have obtained debt and debt-service reductions in support of their own adjustment efforts, in stabilizing their economies and in enhancing their normal debtor-creditor relations,

Concerned that in many developing countries, especially the heavily indebted ones, the burden of debt and debt service constitutes one of the major obstacles to accelerated growth and sustainable development and to the eradication of poverty, despite often painful adjustment efforts on their part,

Convinced that, despite some recent upturn in resource flows, substantial new external financial resources are required by developing countries, in view of the huge development tasks ahead, especially the indispensable fight against poverty,

Welcoming the recent improvements in the debt strategy, which includes debt and debt-service reductions as a central element, notably:

- the application of the Houston terms by the Paris Club in favour of lower middle-income countries,

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* For the statement of position on this resolution by the representative of the United States of America and by the spokesman for the Group of 77, see part II, paragraphs 204 and 205 below.

- the launching of the Enterprise for the Americas Initiative to enhance trade, increase investment and reduce bilateral debt in Latin America and the Caribbean,

- substantial measures implemented or announced by creditor countries to cancel official development assistance debt,

- additional debt and debt-service reduction packages agreed between debtor countries and commercial banks,

- the agreement reached at the London Economic Summit of the Group of Seven in July 1991 on the need for additional debt relief measures in favour of low-income countries, which would go well beyond the relief already granted under the Toronto terms,

- the debt reductions agreed by the Paris Club in favour of Egypt and Poland,

Convinced that a wider, effective and expeditious implementation of the strengthened debt strategy for commercial debt is necessary,

Welcoming the proposals calling for the reduction or cancellation of official bilateral debt owed by least developed countries and other low-income countries adopting sound economic policies,

Noting the various proposals aimed at reducing commercial debt of developing countries at deep discounts, including proposals on the establishment of an international debt facility,

Noting the initial implementation of the strengthened arrears strategy by the Bretton Woods institutions,

1. *Agrees* that there is a need for continuing efforts, through the international debt strategy, both in the short and long run, with a view to promoting accelerated growth, sustainable development and a rapid return to creditworthiness in developing countries;

2. *Agrees*, in this context, to engage, at UNCTAD VIII, taking its role amid other relevant forums into account, in discussions on the progress in addressing international debt problems, with a common effort to foster, through greater mutual understanding and cooperation, a positive outcome in support of the dynamic reinforcement of the International Debt Strategy. These discussions will include, *inter alia*, the following:

(a) Appropriate support by industrialized countries, within the framework of international cooperation, for the adjustment efforts undertaken by developing countries to bring about a more favourable international economic environment conducive to non-inflationary growth and development by adopting an appropriate mix of fiscal and monetary policies conducive to a decline in interest rates; by promoting the stability of exchange markets, by facilitating adequate financing of adjustment programmes, by encouraging the flow of foreign direct investment and other non-debt-creating flows to developing countries; and by contributing, with all trading partners, to a timely and successful outcome of the Uruguay Round of multilateral trade negotiations that would result in the liberalization and expansion of world trade to the benefit of all countries, especially developing countries. In this context, particular attention will be given to appropriate new financial resources to developing countries, including an increase in aid efforts, in line with the economic declaration of the London Economic Summit of the Group of Seven;

(b) Continuation by debtor countries of the implementation of their growth-oriented adjustment and export diversification policies, including sound macroeconomic and structural policies, measures to consolidate national savings, attract foreign direct investment and other non-debt-creating flows, and reverse capital flight, taking into account their priorities and the needs of the most vulnerable groups;

(c) Prompt implementation by the Paris Club of the economic declaration of the London Economic Summit of the Group of Seven on additional debt relief in favour of low-income countries, bearing in mind the various proposals put forward by some governments concerning substantial debt reductions for these countries;

(d) Examination, in the relevant forums, of appropriate debt relief measures in favour of heavily indebted middle-income countries, including, on a case-by-case basis, debt and debt-service reduction;

(e) More effective implementation of the strengthened debt strategy (Brady initiative) designed, inter alia, to extend, on an appropriate scale, to additional eligible countries the reduction of debt and debt service owed to commercial banks, with financial support from official sources, where appropriate. In this regard, multilateral institutions and creditor Governments are invited to continue to review intensively those aspects of their operating guidelines, and fiscal and regulatory provisions, that have a bearing on debt and debt-service reductions, to ensure that they facilitate this process;

(f) Intensified efforts by all countries and multilateral financial institutions to implement fully and expeditiously the Programme of Action for the Least Developed Countries for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries held in Paris in September 1990;

(g) Consideration of appropriate support, including substantial new financing and/or debt reduction for low-income countries with substantial debt burdens which continue to service their debt and meet their international obligations at great cost;

(h) Implementation of the strengthened arrears strategy involving multilateral financial institutions, as well as broader issues, including the financial flows from these institutions to developing countries, bearing in mind the need to preserve the financial integrity of these multilateral financial institutions.

797th meeting
4 October 1991

B. DECISIONS

395 (XXXVIII). Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session

The Trade and Development Board,

1. *Takes note* of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session (ITC/AG(XXIV)/128 and Add.1);

2. *Welcomes* the increase in the level of the International Trade Centre's operational activities over the period 1985-1990;

3. *Welcomes* the continued cooperation between ITC, UNCTAD and GATT;

4. Pursuant to paragraph 6 of its decision 384 (XXXVII) and paragraph 1 (b) of General Assembly resolution 45/210 of 21 December 1990, *invites* the UNCTAD secretariat to make use of the information collected by and held in ITC as well as GATT and other relevant organizations for the purpose of facilitating UNCTAD's collection of data on environmental measures related to trade in the Trade Control Measures Information System (TCMIS), and to continue to make available on request information from the TCMIS.

797th meeting
4 October 1991

397 (XXXVIII). Review of the calendar of meetings

The Trade and Development Board,

1. *Takes note* of the draft calendar of meetings for the remainder of 1991 in TD/B/L.919 and Add.1, adjusting the timing of the seventeenth special session of the Board to 2-13 December 1991;

2. *Also takes note* of the draft calendar of meetings for 1992 and the draft schedule of meetings for 1993, contained in TD/B/L.919, as indicative for planning purposes, on the understanding that they will be reviewed by the Informal Group on calendar matters, which will report to the consultative machinery established under Board decision 143 (XVI) and resolution 231 (XXII).

797th meeting
4 October 1991

C. OTHER ACTION BY THE BOARD

Draft convention on maritime liens and mortages

At its 797th meeting, having noted that the provisions of resolution 66 (XIV) of the Committee on Shipping had now been endorsed by both the Trade and Development Board and the relevant bodies of the International Maritime Organization, the Board recommended to the General Assembly that it convene, within existing resources, a United Nations/IMO Conference of Plenipotentiaries on a draft convention on maritime liens and mortgages in the first half of 1993.

PART II. SUMMARY OF PROCEEDINGS

INTRODUCTION

1. In his opening statement, the incoming President, Mr. Thomas Ogada (Kenya), said that the current session of the Trade and Development Board was taking place at a time when the world was undergoing sweeping political, economic and technological changes - changes which would have far-reaching implications for the future of the global economy and of international economic relations. They included the recent war in the Persian Gulf, the continued transformation and upheaval in the Central and Eastern European countries, and the acceleration of the movement towards the formation of major regional economic blocs in Europe, North America, Asia, Africa and South America. The Board was mandated to evaluate such changes which impinged on issues of international trade and development as a whole. Among the reports before the Board, he observed that the Trade and Development Report, 1991 attempted to distil and review the recent trends in international trade and development, and it contained some interesting and challenging analysis and policy proposals regarding the interdependence of economic issues and debt.

2. The main theme of interdependence and debt deserved priority attention on the part of the international community. The growing interdependence between countries, sectors and problems was reflected in the growing complexity of international economic relations. Enhanced international coordination and cooperation would be indispensable for managing this growing interdependency so that it could find positive expression in terms of complementarities, solidarity and cooperation rather than in confrontations and conflicts. This would require, among other things, the effective integration of developing countries into the management of the global economy and intensified efforts by debtor and creditor countries to find a lasting solution to the international debt crisis, particularly in developing countries.

3. The current session was also an occasion to reflect on and, as necessary, to provide guidance for further political and substantive work in a number of important areas in the field of trade and development such as "sustainable development" and the "financing of South-South trade". Sustainable development was a new phenomenon whose multifaceted aspects entailed an integrated approach to the problems of environmental issues and international trade, and of poverty eradication. He therefore hoped that this session would provide an opportunity to reaffirm UNCTAD's role in the field of sustainable development.

4. As regards South-South trade financing, he hoped that, drawing inspiration from the in-depth and detailed documentation prepared by the UNCTAD secretariat, the Board could provide directions for further substantive work and political progress in this area, which was crucial to trade and economic cooperation among developing countries. UNCTAD was a unique forum in which the North and South were brought together to discuss in an open manner the problems of economic development and international trade. He therefore urged the participants to be true to the mandate of UNCTAD and to act in a spirit of compromise and cooperation.

5. The Secretary-General of UNCTAD focused on a number of conclusions flowing from the Trade and Development Report 1991. He said that a number of exceptional events and rapid changes were taking place at a time when many economies were particularly vulnerable. The increased interdependence in the world economy, moreover, had tightened the constraints on autonomous policy-making in all countries and heightened the vulnerability of developing countries to shifts in the overall stance of macroeconomic policies in major OECD countries.

6. Future world economic stability and growth required improved management of interdependence. This meant that the national policies of countries having great weight in the world economy should be effectively coordinated; that multilateral surveillance should extend beyond disequilibria affecting the major developed countries to encompass policies in a number of important areas; and that developing countries should be able to participate effectively in decision-making concerning the evolution and functioning of the international monetary and financial systems. Furthermore, international cooperation must be strengthened to improve the structures, systems and arrangements underpinning international economic relations so as to provide stronger support for the development process as well as for macroeconomic management and structural adjustment.

7. The dramatic political and economic developments of the past few years, together with the recent upsurge in ecological awareness, had lent a new sense of urgency to these priorities. There were some indications, however, that the potential of interdependence as a consistent vehicle of growth and development might be gaining wider and deeper recognition.

8. The debt crisis was far from being resolved. There had been some welcome improvements on the commercial debt front, but the incidence was uneven and the picture remained particularly unfavourable for sub-Saharan Africa. The debt and debt-service reductions achieved by recent debt renegotiations had varied considerably from case to case. Unless the Brady initiative was strengthened, the debt reduction that would ensue would be much less than what was required to restore growth and external financial viability. The debt negotiation process needed to be anchored on authoritative estimates of the country's debt reduction and cash flow needs. National laws and regulations in creditor countries should be directed more effectively towards achieving adequate levels of debt-service reduction, and the multilateral financial institutions should be enabled to increase their financial support for debt reductions without reducing their normal lending.

9. In the area of official bilateral debt, the 50 per cent debt reductions granted by Paris Club creditors to Poland and Egypt advanced substantially the international debt strategy by introducing the concept of debt reduction for middle-income countries, and by applying the reduction to the entire stock of debt. But sight must not be lost of the needs of other middle-income countries with heavy burdens of such debt. If it was to foster adjustment and growth, the debt strategy must be governed by objective economic criteria, rather than political preferences or narrow financial concerns.

10. With regard to the low-income debtors, the Toronto terms marked constructive forward movement in the relief of non-concessional official debt, but they fell short of what was warranted by the debt-servicing capacity of

such countries. The proposals advanced recently by the United Kingdom and by the Netherlands for much bigger reductions of debt and debt-service deserved serious consideration. Eligibility criteria in the Paris Club should, moreover, be widened to include all heavily indebted countries that were IDA recipients.

11. The issue of multilateral debt had also become a matter of concern for many debtor countries. Although measures had been taken by multilateral institutions to alleviate the debt-servicing burden and to help clear the arrears, further measures were needed to deal with this problem, while safeguarding the soundness of creditor institutions.

12. Concern had been voiced that global savings would not be sufficient to meet demands for external financing from developing and Central and East European countries. For reasons amply explained in the Trade and Development Report, serious grounds existed for doubting whether there was, however, in any meaningful sense, a global shortage of savings and whether any such shortage was in fact at the root of the financing difficulties faced by developing countries. Financial flows to these countries were constrained by country-specific situations, such as perceptions regarding creditworthiness: an improvement in the level of global savings by itself would not change those factors. Furthermore, it was questionable whether policies to increase savings, which would in fact decrease expenditure, were appropriate during a period of recession.

13. In addition, long-term interest rates did not reflect a global inadequacy of savings, but were rather an effect of increased volatility in the value of long-term financial assets. If banking systems in industrial countries were to prove unable to provide adequate credit to business and to trade in an upswing, then the availability of finance would indeed be a problem. However, that problem would not emanate from the aggregate shortage of savings, but from institutional weaknesses of a large part of the financial system. One way of tackling this problem, in line with a recent Japanese proposal, would be to renew SDR allocations and link them to development finance.

14. The financing difficulties facing developing and other countries, should be approached by focusing policy action on the specific financial conditions facing borrowers, so as to ensure better access to existing savings. Even with better access to external finance, however, developing countries would need to reform their own financial systems considerably. The thrust of current reform efforts was directed at raising and deregulating interest rates, eliminating government direction of credit, and introducing or developing capital markets. This course of policy had its logic but it could easily be pushed too far. Experience had shown that high interest rates did not boost savings and also showed the dangers of liberalizing finance in the absence of macroeconomic stability. As for equity markets, they were not the only, or necessarily the best, option. Other models, such as were to be found in Germany and Japan, in which the banking system played a much greater role in financing business could be even more instructive for developing countries.

15. Policies regarding the public sector, too, had a major role to play in resource mobilization. Considerable scope often existed both for raising public sector savings and for improving the efficiency of public sector

investment. In many developing countries, economic revival required a rise in the level of public sector investment, something which called for fiscal reform, the key to which was greater equity and efficiency in taxation.

16. In recent years, there had also been growing recognition of the need to reform State economic enterprises. Privatization was a policy option being actively pursued in many developing countries, often because of fiscal pressure. Its rationale should, however, be long-term efficiency rather than the government's cash flow, and should be accompanied by a careful assessment of the comparative advantages of all the options, bearing in mind the key role of competition as a determinant of efficiency.

17. Addressing other agenda items, he said that ecologically sound and sustainable development represented a vast field for national and international endeavour in which a determined attack on poverty must be central. The secretariat report (TD/B/1304) represented only a first response to the Board's request for an analysis of this issue. The report showed that further exploration was needed of many conceptual and policy issues including technology, resource management and the roles of the polluter-pays and user-pays principles. The secretariat was continuing to study these questions.

18. In response to a request from the General Assembly of the United Nations and in the context of the continuing close cooperation with the secretariat of UNCED, the UNCTAD secretariat had submitted a comprehensive analytical study on the present situation and future trends regarding the relation between environmental issues and international trade to the third session of the UNCED Preparatory Committee.

19. Referring to South-South trade, he said that even where market access was assured, trade could not take root without trade financing on competitive and affordable terms. Adequate longer-term credit facilities to meet this need were lacking in many developing countries. The Board had before it a study on the problems of trade financing in developing countries and on the feasibility of establishing a commercially viable interregional mechanism for financing South-South trade in non-traditional exports (TD/B/1300 and Corr.1). An Ad Hoc Group of Experts convened to examine the study had agreed that the developing countries should be encouraged to improve the efficacy of existing trade financing mechanisms, but they had also found merit in the idea of establishing a commercially-based interregional facility having a broad membership.

20. He referred to two other secretariat reports. The first (TD/B/1301 and Add.1) contained a brief assessment of the current transit-transport situation in land-locked developing countries and outlined the further remedial action that was required. It also carried the replies received from member States, international bodies and intergovernmental organizations regarding their assistance programmes, which clearly indicated that the level of external assistance was still far from adequate in relation to requirements. The other report (TD/B/1305) examined recent economic developments in the occupied Palestinian territory. The magnitude and nature of the problem pointed to the need for an intensified effort at all levels to revive the Palestinian economy. In this regard the political process currently under way in the Middle East was a most welcome development and

positive results could not but improve the prospects for the welfare of the Palestinian people. The UNCTAD secretariat had also undertaken a comprehensive intersectoral study of prospects for the Palestinian economy.

21. On UNCTAD VIII, he stressed the importance of an early beginning to full scale substantive intergovernmental preparatory work since any further delays would make it extremely difficult for the process to culminate in a negotiated text which would be submitted to the Conference, as had been agreed.

22. The spokesman for the Group of 77 (Sudan) observed that the momentous events now taking place, both internationally and institutionally, were a challenge to individual countries and to the world community. For its part, the Group of 77 had been painstakingly preparing for UNCTAD VIII. The three regional components of the Group of 77 had adopted their preparatory documents for the forthcoming Ministerial Meeting of the Group of 77, to be held in the Islamic Republic of Iran. The results already indicated the direction and framework that the developing countries wished to see for UNCTAD VIII.

23. The Group of 77 wished to underline the crucial nature of the themes on the Board's agenda and their vital contribution to enhancing a timely global approach to international development. While all agreed that interdependence was a reality, there seemed to be insufficient institutional mobilization of the positive factors in addressing the forces of this reality. These issues were not confined to UNCTAD but they interdependently featured in all international and multilateral forums, be it in the realm of environment and development and how to strike a balance between these two faces of the same coin, as well as in GATT and the frustrations of all trading partners over the negotiations in the Uruguay Round. The fact remained that the Board was the only forum where an in-depth analysis was being made of interdependence. The Group of 77 would be making detailed statements on the agenda items related to interdependence and to debt.

24. The Group of 77 continued to believe that UNCTAD and, in particular, the Trade and Development Board provided the effective forum for shaping and revitalizing a meaningful North-South dialogue, and his Group was ready and determined to enter into a dialogue on the ways and means of strengthening the institutional effectiveness of UNCTAD. Furthermore, his Group was looking forward to UNCTAD VIII as an occasion for cooperation and not confrontation between the North and the South. The issues on the Conference agenda should be approached with vision, dedication and open minds. Confrontation was to be found, if anywhere, in confronting the issues and not in confronting each other as groups. Hence the need for all to confront poverty in order to eradicate it. And all countries had to confront, according to their weight and capabilities, the risks of a distorted trade system. His Group was, therefore, ready to start the dialogue as from this Board with the aim of reaching by UNCTAD VIII a meaningful consensus on the future management of the world economy and the institutional framework that could effectively contribute to that end.

25. Turning to agenda item 8 (a) on ECDC and the question of the assessment of the feasibility of a trade-financing facility among developing countries, he noted that this was the first time that such detailed studies on trade financing, of the highest substantive and technical calibre, had come before

the Board and indeed before any decision-making intergovernmental organ. The seriousness and thoroughness of the secretariat's response reflected no doubt the critical importance of this issue to all developing countries and indeed to the world economy at large. Time and again, experience had shown that monetary and financial obstacles to trade were among the most difficult to remove. The Group of 77 had recognized the importance of this issue in its various meetings and declarations since the Caracas Programme of Action of 1981. This was an endeavour which needed the active participation and collaboration of the developed countries, especially at this time when the developing countries' development was constrained by foreign-exchange scarcity. His Group noted with approval that the study reached the conclusion, shared by experts, that the establishment of a trade-financing facility was feasible and that, if widely participated in, it would be viable on a commercial basis.

26. This was a timely proposal, which opened the door for private and official participation, for setting up a mechanism based on market criteria which would help the developing countries to further their participation in world trade and push forward their trade liberalization and structural reforms. The proposal was attuned to the spirit of the times. It was so well founded that a distinguished Group of Experts, composed of 20 top-level executives and specialists from all over the world, convened by the Secretary-General of UNCTAD in July 1991, had unanimously found it to be realistic, technically sound and commercially viable. Moreover, the Experts of the Group of 77, meeting in New York (4-9 August 1991) to report on the implementation of the Caracas Programme of Action, had examined these studies and come to the same conclusions regarding the soundness and technical feasibility of the proposed facility.

27. He therefore urged the Board to launch the negotiations on this issue. The Group of 77 accorded the results of such discussions the highest priority. A positive outcome would be a great achievement for this session and indeed for the Board for years to come.

28. Finally, he called on participants not to forget their obligations to the least developed countries, particularly the need to review the implementation of the Paris Programme of Action for the 1990s and the role of UNCTAD in the implementation of this Programme, in the light of the decision adopted by the Board at its thirty-seventh session.

29. The representative of China pointed to the profound economic and political transformations which had led to changes and uncertainties in international economic relations. These included such factors as the diversion of financial flows, the growth of the developed countries' economic groupings and protectionism, the decline of commodity prices, deteriorating terms of trade, the foreign debt burden, the economic recession of the West, and the Gulf war. In the face of an unfavourable external environment, the developing countries' own efforts towards adjustment and reform had borne meagre results. He therefore urged the developed countries to honour their commitment to halt protectionism and to reduce non-tariff barriers. They should also monitor and examine their regional grouping process and eliminate its closed-door nature and exclusiveness, thus creating favourable conditions for the developing countries to expand their exports.

30. He observed that in the Uruguay Round the negotiations on issues of concern to the developing countries, such as access to markets and textiles, were lagging far behind those which were of concern to the developed countries, such as the so-called "new issues". Failure to achieve a substantial and balanced outcome in the Uruguay Round would have serious consequences for the multilateral trading system and for the trade of the developing countries. He therefore hoped that the negotiations would result in a package of substantial and balanced agreements which fully reflected the interests of developing countries and was acceptable to all parties.

31. With regard to the debt problem, he said that the current debt strategy had considerable limitations. The fundamental solution to the debt problem lay in promoting the economic growth of the debtor countries so as to enhance their debt-service capability. This responsibility should be shared by the creditor countries, the debtor countries, commercial banks and international financial institutions. The developed countries should adopt effective measures to increase financial flows to the developing countries and should ensure that the present debt strategy became a growth-oriented strategy.

32. He noted that there was a growing awareness that the world economy was an integrated one. It was therefore necessary to ensure the full participation of the developing countries in international economic decision-making and to give preferential consideration to the interests of the developing countries in the areas of trade, commodities, finance and debt. Attempts by a few industrialized powers to impose on other countries certain value concepts and development models were both harmful and unworkable. Each country should adopt appropriate policies in line with its own socio-economic system, development path and national conditions, and should participate in international economic cooperation on an equal footing.

33. The evolution of East-West relations and the participation of the Soviet Union and East European countries in the world economic system should enable new horizons to be opened up for expanding international economic cooperation favourable to the development of the developing countries. However, there were now signs that the world economy and the economic development of the developing countries were facing serious challenges. UNCTAD VIII would provide a good opportunity for revitalizing the world economy and the economy of the developing countries in particular. The Conference should adopt effective practical policy measures to promote the economic growth of the developing countries and to achieve the sustained and steady development of the world economy. He emphasized that the discussions at UNCTAD VIII should be based only on the provisional agenda already approved and on the mandate given by the General Assembly.

34. Finally, he stated that in the past 10 years China had pursued a policy of reform and opening up to the outside world, in line with its actual conditions. Despite problems of one kind or another, in general China's economy was growing steadily and vigorously. China would continue to pursue this policy in order to reach new heights of economic and social development before the end of the century.

Chapter I

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM

(Agenda item 2)

and

DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES

(Agenda item 3)

35. The UNCTAD Trade and Development Report, 1991 (UNCTAD/TDR/11) was relevant to the Board's consideration of agenda items 2 and 3.

36. The spokesman for the Group of 77 (India), underlining UNCTAD's global policy analysis and coordination role as the very essence of the interdependence paradigm, said that the discussions at this Board session should provide insights and ideas for UNCTAD VIII - an important event in North-South dialogue. The North-South dialogue of cooperation was a matter of both continuity and change and there was the paramount need for continuing the dialogue. The dialogue itself was about change in attitudes and perceptions, in mechanisms and systems that governed international arrangements for trade, money, finance and technology.

37. Despite the fact that adverse external economic environment and inadequate fiscal and monetary policies of the major industrialized countries had resulted in the deterioration of the economic and social problems in developing countries, developing countries had been in the vanguard of change, had carried out often revolutionary economic reforms, and had made structural adjustments which had not been free from hardship and sacrifice. They were waiting for change in the policies and attitudes of their industrialized partners, who had resisted change and postponed constructive actions needed to help developing countries while being preoccupied with Euro-centric and trans-Atlantic issues.

38. The emerging new order involving strategic, political and economic realignments brought on by East-West cooperation, regional economic integration movements and technological and information revolutions called for a new spirit of internationalism and assistance to the developing trading partners. Interdependence of the problems of trade, development finance and the international monetary system and between and among nations - developed and developing, transitional and market economies - had become stronger with the emergence of a global economy. New concerns about environment, narcotics control, migration and terrorism had combined to create a new awareness of the importance of interdependence. The challenge was to guide and manage it for the benefit of all, particularly the weaker partners in this web of complex global interrelationships.

39. Interdependence implied the interlinked coexistence of all countries, the creation of rights and obligations of a global nature, the coincidence of interests, the imposition of mutual constraints on the autonomy of national

and international policy-making and behaviour and the dependence of the prosperity of one on that of the other. Outlining the constituent elements of the phenomenon of globalization of production and trade, he said that it had become another major factor in the intensification of interdependence. For developing countries, this globalization carried with it both infinite promise and some risks, since most of them were not in a position to influence or participate in the process and yet were more vulnerable than developed countries which occupied its commanding heights. The existing asymmetries in the global economy must not be allowed to be accentuated. If developing countries became "global outsiders" the realization of genuine interdependence would be thwarted. The developing world's 1.1 billion poor and hungry must not be further marginalized from the global quest for economic well-being. The strenuous efforts of developing countries themselves to leapfrog into the competitive mainstream of globalization must be fully supported by their developed-country partners. This would call for a new development consensus, a new order, a reinvigorated partnership based on the fusion of generosity and compassion for the human condition with the imperatives of both hard-headed as well as enlightened self-interest of countries and peoples.

40. As the Trade and Development Report emphasized, developing countries' efforts to cope with the pressures of change in the world economy had coincided with their greater vulnerability to the external economic environment. The recessionary perspective faced by developed countries had cast its shadow on the growth prospects of developing countries too. Positive policies and concrete measures would have to be adopted by developed countries to complement what had been recognized by OECD as the historic efforts of developing countries to contribute to the process of global structural adjustment by undertaking far-reaching fiscal, trade, industrial and economic policy reforms aimed at accelerating growth, generating employment, improving productivity and releasing the forces of technological innovation. A global endeavour needed to be mounted to ensure that pursuit of efficiency in the context of social equity and increasing reliance on market forces did not fail to bring the development dividends sought. The efforts of developing countries to harness and direct the dynamism, enormous resources and capacities of the global TNCs to build indigenous technological capacities, expand export opportunities and gain preferential and assured access to the tools and structures of competitiveness had to be supported. This implied that private-sector players in the global economy would also have to fulfil developmental obligations.

41. In looking at the growth performance of developing countries, UNCTAD had identified the key ingredients of economic resilience and success - namely favourable export prices and earnings - and had pointed out that this "fell only in part and sometimes only in small part within the ambit of domestic policy effort and influence". Domestic policy effort by developing countries had not been wanting. Believing in the promise of trade as the engine of economic growth and development, developing countries had adopted export-oriented development strategies, and had even assumed the pioneering role in trade liberalization. Emphasizing and outlining the unilateral trade liberalization efforts in developing countries, he pointed out that the trade actions of developing countries were most often applied on a general, non-selective basis without discrimination against specific groups of trading partners and there was no resort to selective NTMs such as VERs and MFA

restrictions. Many developing countries had risked major destabilization and dislocation of their industries and balance-of-payments position and if their liberalization efforts were to succeed, developing countries would need substantially liberalized market access on preferential terms in developed countries as well as external monetary and financial support.

42. The situation regarding market access was discouraging. Protectionism in developed countries against developing-country exports was a major barrier and was increasingly taking on non-transparent and unpredictable forms. New protectionist instruments on unrelated pretexts, such as environmental protection, were being devised and protectionist measures were being applied on a discriminatory basis and were disproportionately imposed against developing-country exports. There was continued resistance to undertake structural adjustment and to liberalize certain so-called sensitive sectors and product areas of export interest to developing countries such as textiles, agriculture, steel and leather products, showing up in relief the purposive trade liberalization and structural adjustment efforts of developing countries.

43. Another negative factor that developing countries had had to contend with was the threat to an open, equitable and stable multilateral trading system posed by increasing resort to unilateralism and "blocism" by some trading partners. Whether regional trading arrangements would be building blocks or stumbling blocks to a freer world trading system would depend on how the trade policies of groupings would evolve in response to adjustment pressures within and on what kind of preferential access they would give to developing-country exports. Developing countries attached particular importance to securing the trading system on a firm foundation of rules and disciplines and had been actively and constructively participating in the Uruguay Round of MTNs.

44. Developing countries hoped that the Round would be concluded with substantial, balanced and equitable results. Essential prerequisites of such an outcome were a major movement in market access, particularly in those areas of export interest to developing countries such as textiles, agriculture, tropical and natural resource-based products; and application of the principle of differential and more favourable treatment to developing countries and significant progress in the area of rule-making. In new areas like TRIPS and TRIMS, where multilateral regimes were being evolved, developing countries expected flexibility on the use of policy instruments for developmental purposes. In the services area the multilateral framework for trade in services should be sufficiently flexible to accommodate the objectives of countries at different levels of development. A genuine trade expansion and liberalization ending protectionist trends, unilateral and discriminatory trade restrictions, as well as precluding retaliation between trade in goods and measures related to intellectual property protection, investment and services would herald success of the Uruguay Round.

45. In analysing the Brussels package, UNCTAD had rightly assessed that the current status of negotiations suggests that the real benefits of developing countries were likely to be limited. That being the case, it was necessary that between now and the end of the Uruguay Round technical and political efforts be deployed to evolve a more balanced package which satisfied the vital interests of developing countries. In this regard, in accordance with Part I.G. of the Punta del Este Declaration, an evaluation of the results with

a view to ensuring the effective application of "differential and more favourable treatment" for developing countries should be carried out and it should be conducted comprehensively within a sufficient timeframe to allow for the introduction of corrective measures into the final outcome. Only then would the results be deemed to be truly balanced and acceptable to developing countries.

46. There was too much at stake in the Uruguay Round for it to be allowed to fail. The political commitment expressed at the Group of 7 Summit in London to give "the first priority" to a successful and balanced conclusion to the Round was a welcome development. Developing countries, for their part, had spared no effort towards this goal and had made significant and landmark contributions. It was now for developed countries to show political will.

47. While the financial needs of developing countries remained substantial, there had been a deterioration of the external financial environment for development, with decreased availability, increased unpredictability and vulnerability to abrupt changes and higher costs of international finance. Despite continuous efforts by developing countries to increase private and public savings and reduce expenditures, and to attract foreign capital, resources available for investment had contracted. Depressed export receipts had compounded the situation. In such a situation, substantially augmented aid flows, both bilateral and multilateral, particularly on concessional terms, were needed to promote growth in developing countries. An imaginative package of incentives to encourage banks to lend and private sector enterprises to invest in developing countries would complement official development aid as well as their own developmental efforts. In this interdependent world, such measures would benefit developed countries through expanded exports resulting from larger purchasing power in developing countries.

48. Turning to the question of the constraints imposed by the so-called shortage of global savings on the need for augumentation of aid flows, he said that there was, on the one hand, clearly a case for increased savings, both public and private, through rationalization of consumption patterns in developed countries and reduction in Government deficits and military expenditure in all countries. On the other hand, the Trade and Development Report's recommendation regarding fuller utilization of world production potential, overcoming structural weaknesses in the financial system to generate more investment for fuller capacity utilization and removing constraints on institutional capacity to generate finance, provided a refreshing perspective on the generation of development finance and liquidity for developing countries. He commended the proposal to renew SDR allocations and to link them to development finance.

49. The external debt crisis of developing countries was one of the main factors responsible for import compression, decline in investment and retarded growth in developing countries and had led to a major drain of resources from them. Calling for deeper and wider concessionality in debt-relief measures, he expressed agreement with the recommendation that the international debt strategy must lead to more debt reduction in terms of percentage of debt reduction as well as coverage of indebted countries, and must encompass official, bilateral and multilateral as well as commercial debt. Low-income

countries which had substantial debt burdens but which continued to service their debt and meet their international obligations at great cost to themselves should also benefit from debt reduction. This strategy should also be governed by objective economic criteria, not by political preferences or narrow financial concerns, as suggested by UNCTAD.

50. There was an urgent need to inject new vigour into international commodity cooperation for which UNCTAD had a unique mandate.

51. On sustainable development, UNCTAD must examine all those trade and development questions which arose from the environmental concerns. The goal of sustainable development had to be achieved through expanded and additional resource transfers to developing countries, and through assured access to environmentally sound technologies on preferential and favourable terms.

52. In order to meet the central objective set out in the UNCTAD VIII agenda, namely the promotion of "economic growth, accelerated development and technological capabilities of developing countries", interdependence needed to be managed in a way that would take a holistic view of all development issues within a universal and democratic forum like UNCTAD. As the apex organization for trade and development, UNCTAD ought to be fully engaged, enabled and equipped to carry out its appointed role and to help the emergence of effective partnership between developed and developing countries.

53. The spokesman for Group B (Italy) said that Group B countries were ready to help developing countries in promoting development through market-based, growth-oriented, sustainable approaches. Recently, new possibilities had opened up for improved dialogue with the developing countries. In this context, the concept of good management was central to the problematique of interdependence and development. Reflecting on the future role of UNCTAD, Group B had noted with great interest the ideas contained in the Ministerial Declaration of Caracas and shared many of the concerns expressed therein, particularly the goal of making UNCTAD a more relevant and fruitful forum for dialogue on trade and development issues. The secretariat should redeploy its resources to the most relevant areas. Greater emphasis should be placed on helping the LDCs overcome their difficulties, studying non-tariff measures, and analysing the anti-export bias of the structure of incentives in many developing countries. Other important tasks for UNCTAD were to assist developing countries in their liberalization and privatization programmes, to provide expertise and counsel on policies to attract foreign private investments, and to study ways to improve resource allocation.

54. Reviewing the developments in the world economy, he said that until mid-1991 growth in Japan and Germany had remained strong, while in the other OECD countries activity had slackened sharply. Since then, growth had slowed down in Japan and Germany, whereas in the majority of other OECD countries production had begun to pick up. The cyclical slowdown in the OECD countries, and the direct impact on trade of the Gulf crisis and the structural changes in Central and Eastern Europe, had substantially reduced the increase in the volume of world trade, hitting in particular the non-oil developing countries. On the other hand, the balance-of-payments disequilibria among the three main OECD countries had narrowed, mainly as a result of the United States recession and the consequences of German unification.

Furthermore, the difficulties of the Soviet economy had unfavourable consequences for all the other Central and Eastern European countries, compounding the difficulties of the shift to a system of world prices and convertible currency settlements.

55. In 1992, Group B expected OECD growth to accelerate, giving fresh impetus to developing countries' exports. Reforms in Central and Eastern Europe should also begin to bear fruit. A further strengthening of the open multilateral trading system was crucial for the continued growth of the world economy and would greatly enhance the progress of structural reform. Group B was encouraged by the widespread trade liberalization movement among developing countries, and among countries in transition from centrally-planned economies to market economies. While the recovery in total resource flows to developing countries had continued in 1990 and the growth of indebtedness had decelerated significantly, Sub-Saharan Africa and many middle-income countries, in particular in Latin America, continued to have chronic debt problems.

56. He felt that an increase in global savings should be achieved through more appropriate policies to ensure macroeconomic stability rather than by tinkering with international financial markets. It was true that the need for higher investment in all countries called for an increase in the savings rate in many developed countries, but the examples of Mexico and Chile also showed how determined adjustment and policy reform efforts in developing countries could "pay off" in greatly easing financial constraints. Finally, figures for official aid and the new highly concessional terms being finalized in the Paris Club bore witness to the continued efforts by bilateral agencies and multilateral institutions to achieve decisive alleviation of financial pressures afflicting poorer countries.

57. The representative of Australia said that the world economy was at a turning point in the economic cycle following a slowdown in growth in 1990. Economic interdependence was an issue that concerned everybody. It was a neutral factor transmitting benefits as well as economic shocks from the international market place to national economies. Though many developing countries were having to take difficult - sometimes painful - decisions, it was only by adopting sound economic policies that economic growth and development could be achieved.

58. The successful conclusion of the Uruguay Round was the most pressing and important challenge for Australia and developing countries alike. The real cause of the problems of small- and medium-sized trading countries was the failure of many of the major trading nations to adhere to the principles of the GATT, rather than imperfections in the Agreement itself. The GATT framework remained the only defence against aggressive trading practices by the major trading nations, and its dispute settlement processes the only avenue of recourse. He expressed concern at the continuing distortions in agricultural trade. An important example of cooperation between developed and developing countries was the contribution of the Cairns Group, which had given a voice to the developing countries in the negotiations for fairer agricultural trade.

59. With regard to the heavy debt levels in many developing countries, particularly in Saharan Africa countries, he endorsed measures providing long-term solutions, particularly trade liberalization under the Uruguay Round and responsible economic management by the indebted countries themselves. He also recognized the contribution which debt reduction could make to the restoration of credit-worthiness and a return to access to financial markets.

60. He stated that Australia accorded a high priority to ensuring that UNCTAD stood as a credible and relevant organization to deal with the challenges of the 1990s. In that context, he agreed with the view expressed in the Ministerial Declaration of the Latin American Group Ministerial Meeting in Caracas. Australia saw a need to revitalize UNCTAD's institutional and operational functioning, as well as a need to avoid confrontation in the form of a sterile and outdated North-South debate, and to establish more flexible negotiating forums which cut across the developed-developing country divide.

61. Referring to economic cooperation among developing countries, he considered that open market systems should be encouraged, and hoped that other developing countries could benefit from the lessons of the experience and success of countries in the Asia/Pacific region. Regarding the concept of ecologically sustainable development for promoting economic growth, he looked forward to a productive discussion at the current session of the Board which would help discussions at UNCTAD VIII. Finally, he cautioned that environmental concerns should not be misused to erect protectionist barriers.

62. The representative of Ecuador reflected on the changes that had taken place at the outset of the 1990s, drawing special attention to the growing awareness of the importance of human rights and the preservation of the environment. However, the war in the Gulf, the indebtedness problems of developing countries, the new outbreak of nationalism, the crisis in international trade, and monetary and financial instability were reasons for grave concern. At the same time, the changes in the Soviet Union and in Eastern Europe would allow new markets for developing countries' products to emerge.

63. He said that the current situation was favourable for the creation of a new international order, and liberalizing market access especially for tropical products was an essential element. He added that the destiny of mankind depended more on commodities than on advanced technology. Commodity prices had to be as remunerative as those of other products, if not more so.

64. While the depressed primary commodity prices required additional compensatory financing, debt relief should be extended to a wider range of countries, and the debt of the poorest countries should be written off entirely. Past experience had shown that the only solution to the problem of insurmountable debt was debt cancellation.

65. He stated that Ecuador was much preoccupied with the deterioration in its terms of trade and the difficulty of market access for some of its exports. In order to revitalize growth, the considerable domestic efforts of developing countries to correct their macroeconomic disequilibria had to be complemented by an improvement in the trading environment.

66. The representative of Bulgaria stated that, since the thirty-seventh session of the Board, Bulgaria had advanced substantially along the road of political and economic reform. The establishment of the legislative framework for a market economy was proceeding apace. Among the most important results were the new Constitution of the country, the Bill on Agricultural Lands, the Trade Bill, and the legislation on privatization, foreign investment, protection of competition and demonopolization. Bulgaria was widening its participation in international trade and financial institutions and continuing its active cooperation with the international economic forums of the United Nations system. These efforts were directed towards the reintegration of the Bulgarian economy into the European and world economy, which would help the transition to a market economy, structural adjustment and finally the resumption of economic growth in Bulgaria. Moreover, this was expected to create new opportunities and openings for trade and economic cooperation for all countries.

67. Referring to the Trade and Development Report 1991, he said that Bulgaria's losses resulting from the Gulf crisis might be over $3 billion. To Bulgaria this figure represented more than 25 per cent of its external debt, and it had done severe damage to its financial capacities. Substantial damage was also being inflicted on Bulgaria's economy by the breakdown of trade with traditional partners, as was mentioned in the TDR.

68. Finally, he stressed that, contrary to what was stated in the Report, since tariff and non-tariff measures affecting East European countries had in the past been very much politically motivated, their removal now would mark a return to economic logic and provide material support for economic reforms in these countries. This did not in any case imply that the removal of those barriers led to the restriction of exports from developing countries.

69. The representative of Canada said that his country was firmly committed to supporting the construction of democratic political institutions and market-based economies in Central and Eastern Europe and the Soviet Union, without weakening its support to developing countries. Reflecting on the future of UNCTAD, he observed that a new international consensus had emerged. One of its elements was agreement on the complementary importance of national policies and the external environment in determining economic performance. Therefore, UNCTAD should no longer focus mainly on external factors as the principal cause of the misfortune of the developing countries; the conduct of domestic economic policies was at least as critical.

70. Another element of consensus was the appropriateness of market-oriented economic policies, and rejection of central planning and excessive State intervention. In this context, UNCTAD should help developing countries to strengthen their domestic markets and to widen the participation of the population in markets for goods and services.

71. A third element of consensus was interdependence. Here UNCTAD should also analyse how developing countries affected one another, particularly within regional groupings, and how they affected developed countries' performance. Research and policy debate in these areas, including especially intra-LDC trade barriers, were urgent and essential.

72. In Canada's view, attempts to negotiate mutually binding commitments should only emerge at the end of a process of study and analysis which clearly revealed a complementarity of interests among the various participants. UNCTAD's negotiating role should be given a rest for a while, and member countries should concentrate on adapting its analytic approach and work methods to the new consensus which has emerged. Diligent research and debate on economic problems, conducted along the revised analytic guidelines suggested, would inevitably produce new communities of interest among member countries. Negotiations on new agreements and instruments would emerge spontaneously from this process.

73. The representative of Netherlands, speaking on behalf of the European Economic Community and its member States, said that the Community's forecasts for the development of the world economy were similar to or, in some respects, more optimistic than those contained in the Trade and Development Report, 1991. The outlook for a modest recovery in the industrialized countries was favourable because structural policies implemented during the 1980s had made them less vulnerable to shocks, relative price mechanisms had been strengthened and financial deregulation and globalization were ensuring a better allocation of savings. Moreover, payments imbalances between the industrialized countries had continued to diminish in 1990. The external effects of German unification could be clearly beneficial because imports would be stimulated. On the other hand recovery was likely to be constrained by inflationary pressures in the EEC and the United States, by high long-term interest rates and by a reluctance to lend on the part of banks in some of the major industrialized countries. Reform in Central and Eastern Europe might lead to some improvement in economic activity in 1992 following the current difficulties. The Soviet Union's economic situation was uncertain and might worsen further.

74. In developing countries, recent policy changes now seemed to be leading to improved growth performance, although in some of these countries growth had been adversely affected by the general weakness in world economic activity and low commodity prices, particularly for coffee and cocoa.

75. He noted significant progress in improving the terms of Paris Club rescheduling. Commercial debt reduction in the context of the Brady initiative had been helpful in improving the position of some large debtors. The Community would continue its efforts to contribute to solutions to the debt problem in the context of the principle of shared responsibility, as well as of the terms of Board resolution 388 (XXXVII) and the provisions of General Assembly resolution 45/214.

76. He observed that official development assistance (ODA) continued to be of key importance, particularly in some low-income countries. The Community and its member States were now contributing approximately 40 per cent of all world ODA. There was a need to increase the overall flow of ODA, in particular from those donors whose ODA levels were below average and from potential new donors. It was also important that developing countries increase their share of world foreign direct investment.

77. Referring to Part Two of Trade and Development Report 1991, he said that during the 1980s interest rates had partly reflected tighter monetary policy and relatively high real growth rates in the industrialized countries. There were thus grounds for doubting the proposition that the main cause was institutional changes in the banking and financial systems of Western countries. It was also questionable whether financial deregulation had increased financial instability in the OECD and whether the notion of a global savings shortage could be dismissed. The TDR rightly drew attention to the fact that development and industrialization policies had to be tailored to the particular circumstances of each country.

78. He said that it was not correct to describe the trade regimes of the EEC or other industrialized countries under the heading "persistence of managed trade". One of the central objectives of the Single Market of the EEC was trade liberalization, reflecting the Community's policy of open multilateral trade based on the GATT. He underlined that growth rates for imports into the Community in 1990/91 were much higher even than the growth of intra-EC trade. By contrast, levels of protection remained relatively high in many developing countries, and the degree of their trade liberalization efforts varied. The medium-term evolution of the world economy depended to a large extent on the successful conclusion of the Uruguay Round; the developing countries would be among the main beneficiaries. A positive result in the area of TRIPs would be an essential aspect of the outcome. The dismantling of the MFA and the reform of agricultural policies could only benefit the world trading community and developing countries in particular. This would also facilitate finding solutions to the debt problem.

79. Finally, he stated that, despite the need to support the process of transition in Central and Eastern Europe and in the Soviet Union, the EEC's commitment to strengthening the partnership with the developing countries remained undiminished.

80. The spokesman for the Group of 77 (Chile) observed that the external debt of developing countries was estimated to have reached US$ 1.3 trillion at the end of 1990. Though some small improvement had been made in the debt indicators of developing countries, the situation in Sub-Saharan Africa had worsened and substantial net negative resource flows continued to affect seriously other developing countries. In heavily indebted countries the situation remained unmanageable and was a serious obstacle to sustainable economic recovery. The international debt strategy had now recognized that solutions to the debt crisis must include both debt and debt-service reductions as central elements, and that reductions or refinancing should cover bilateral, multilateral and commercial bank debt.

81. For their part, developing countries had adopted stringent structural adjustment measures which, if they were to be effective, would have to be matched by new and greater financing as well as increased market access to exports from developing countries. The favourable policies implemented by developing countries had enabled some of them to return to the international capital market. At the same time, structural disequilibria in some developed countries had encouraged a rise in interest rates, which had increased the debt-service payments of developing countries, and had deprived them of much needed investment.

82. As regards the Brady initiative, he stated that these agreements had not significantly helped to break the vicious circle of the debt overhang. The provision of new money had been very limited. A number of factors had obstructed new lending, including the uncreditworthiness of most debtor countries, new regulatory requirements for banks, especially in regard to provisioning for new lending and capital requirements. In addition, a large proportion of bank loans had been converted into bonds, thereby excluding any future rescheduling. Also, additional multilateral debts, which were not renegotiable, had been incurred. The agreements had also suffered from an absence of authoritative estimates on debt reduction requirements and capital flows for debtor countries. Consequently, there was an urgent need to enlarge the scope of various debt-relief initiatives, including giving creditors additional incentives to engage in large-scale debt reduction. In this connection, the proposal to establish an international debt facility deserved serious consideration.

83. As regards debt owed to official bilateral creditors, he noted that this category of debt had trebled over the past decade. This increase reflected primarily the shortcomings of the rescheduling process. He acknowledged that some improvements had been made by the Paris Club, notably through the Toronto terms for low-income countries and the Houston terms for middle-income countries. However, these resources remained insufficient. The inadequacy of the Toronto terms was increasingly recognized by the international community, including creditor countries themselves. The time was ripe to tackle the debt problem of debt-distressed low-income countries once and for all. Serious consideration should be given to the cancellation of all official bilateral debt of low-income countries. Indeed, low-income countries with substantial debt burdens but which had kept up with the servicing of their obligations at great cost should also benefit from all debt-reduction schemes.

84. He further pointed to the substantial reductions granted by official creditors to Poland and Egypt, and which could be extended to other debtor countries. This development marked a major advance by introducing the concept of debt reduction for middle-income countries and by applying the reduction to the entire stock of debt. The amounts involved were also large. Similar action in favour of other indebted countries would make a very positive contribution towards solving the external debt crisis of developing countries. He also expressed the hope that agreements reached at the London Summit of the Group of 7 would be effectively implemented.

85. The representative of the United States of America pointed to the market-oriented reforms under way in Eastern Europe, as well as in Asia, Latin America and Africa. He noted that the challenges facing the developing countries were immense and that UNCTAD should be in the front line of action in their favour. Poverty and unchecked demographic growth were the enemies. In his own lifetime, the world's population had trebled. Citing an African republic, he noted that ever more people led to ever more forest destruction, ever more pressure on over-exploited farmlands - ever more hunger and want.

86. He said that despite an ample and dedicated secretariat staff and the tremendous potential of its mission, UNCTAD's role in supporting development had been marginal. UNCTAD was not performing an adequate role in such crucial areas as privatization, policies to attract foreign and domestic investment,

conversion of military spending to productive investment, analysing the development experience of rich nations and the feasibility of mimicking the success story of the "Asian Tigers", as well as in estimating the costs of corruption and mismanagement in developing countries, policies to reverse flight capital, and analysing the benefits for developing countries of global trade liberalization in agriculture. He stressed that such a restructuring of UNCTAD activities could be accomplished by reallocating current resources.

87. He pointed out that sustained growth required capital, intelligent investment (including in education) and reinvestment. Since the poorest countries were not awash in spare capital, reductions in military spending offered opportunities for reallocating investment. Developing countries as a group spent some 5 per cent of their national income (US$ 160 billion per year) on their armed forces, or about three times the level of aid flows. Flight capital was also another potential source of investment. He noted that estimates of flight capital for Latin America were roughly equivalent to that region's foreign debt. He did not foresee any new capital flows arising from non-market restructuring of global terms of trade, price-rigging in commodity agreements, or new money from commercial banks. A quantum increase in aid flows was also very unlikely. However, foreign investment represented a substantial source of savings, bringing cash, technology, training and market access in one package. Attracting such investments was not easy and competition was high. UNCTAD must be a principal voice in encouraging advantageous foreign investment and for providing advice to investment-seeking nations.

88. The representative of Poland said that consideration of the issues of interdependence should not detract from the changes currently taking place in Central and Eastern Europe, the consequences of which could not yet be fully assessed. UNCTAD could not remain oblivious to them because, firstly, one of the basic tenets of UNCTAD's constitution - namely that of relations between countries with different economic and social systems - had ceased completely to have any relevance or meaning. The pattern of negotiations in UNCTAD was therefore bound to undergo significant modification. Secondly, the collapse of the command economy and the shift to an outward-oriented and market-based one were also affecting developing countries' economic strategy perceptions and policies with a large group of countries - both in the East and in the South - which were now in a process of transition, with apparently common goals and interests. They could be exchanging their experience not only on the macroeconomic strategies of adjustment, but also on the microeconomic strategies of firms and, in particular, to the attitude to foreign direct investment as a vehicle for closer integration with the international economy. Thirdly, the switch to market-based and outward-looking development policies made the multilateral framework and "rules of the game" in managing international economic cooperation all the more important, with the task of contributing to an improvement and strengthening of the disciplines of the world trading system becoming an imperative for all countries in the stage of transition.

89. The transformation process in Poland required immense efforts in terms of structural change, expanding business infrastructure and, above all, the changing of people's mentality. This process was currently facing many serious problems, including recession, unemployment and declining real wages,

and was very much dependent on the success of the opening up of the Polish economy and its integration into the world economy. The preservation and strengthening of an open liberal trading system was thus of crucial importance. This process would create greater opportunities for future trade with developing countries but it would also enhance potential for competition, the former being likely to prevail. At the same time, the institutional form of Polish cooperation with developing countries would be affected. Poland would rely to a growing extent on, and make greater recourse to, a multilateral framework and rules of the international trading system in its international economic relations. The restructuring of Polish economy, as well as that of other countries of the region, would call for considerable financing, mainly domestic, but partly external. In this context, it was important that the adequacy of world savings be preserved, large fiscal and current imbalances be eliminated and, thus, international financial flows be maintained. Poland and other countries of the region were vitally interested in attracting foreign direct investment. However, despite their readiness to open up their economies to the inflow of external capital, foreign investors were rather hesitant to enter on a larger scale, in view of the social and political instability presumed to prevail in the region. Therefore in the near future an increase in resource flows to Eastern and Central Europe could be expected from the international financial institutions for balance-of-payments support or for financing structural change. The adequate funding of these institutions would therefore be an important issue.

90. The representative of Japan stated that the recent economic phenomena of accelerated globalization of activities and the substantial growth of interdependence had made multilateral cooperation essential and desirable. He suggested that developed countries should endeavour to attain sustainable non-inflationary growth and to further open up their markets, since the future well-being of developed countries would hinge on economic progress, peace and stability in the developing world. Meanwhile developing countries should undertake self-reliant efforts by promoting market-oriented economic reforms that would improve their economic efficiency and thereby enable them to participate fully in the dynamic evolution of a technologically-based, globalizing world economy. Pointing out the critical importance of the successful conclusion of the Uruguay Round, he stressed that cooperative efforts of all parties concerned were urgently required.

91. Regarding global financial resources, he feared that the future supply to the developing countries would not be large enough to meet their increasing needs. As the role of international capital markets for this purpose was expected to decline in future, more efficient allocation and use of available capital would be called for. Sound economic policies conducive to new inflows of foreign investment, new commercial lending and a return of flight capital were essential ingredients in the development strategy of the developing countries.

92. Concerning the external debt of developing countries, he underscored the need for encouraging a cooperative approach to debt relief and to greater resource flows in the context of structural adjustment efforts. In this regard, he stated that his Government intended to continue to provide new money. He pointed out, however, that even public institutions found it extremely difficult to undertake at once the provision of new money and debt

reduction. Given the current external financial situation of the developing countries, the provision of new money, in his view, would be equal to or more important than debt reduction.

93. Finally, touching upon UNCTAD activities, he expressed the wish to see the revitalization of the institution and hoped that UNCTAD VIII could pave the way to this rebirth.

94. The representative of Hungary said that authoritative economists had expressed the opinion that the East European countries, forming part of the world economy, might, after a period of decline, begin to stabilize their economic situation as from 1992. The Hungarian economy had shown in the first half of the year in many respects a more favourable trend than expected. However, these positive changes could not fully offset the unfavourable development of foreign trade, now placed on a convertible currency basis, with the East European former CMEA countries and particularly the collapse of the trade with the Soviet Union.

95. While the trade figures were less than satisfactory, the balance of payments had undergone a more favourable evolution. In addition to the growing foreign currency deposits of the population in Hungarian banks, tourism had contributed positively to the balance on current account. The number and volume of foreign investments were also increasing continuously.

96. He said that, despite difficulties, Hungary has never thought of applying for a rescheduling or cancellation of debt. In that respect an adequate trade environment supportive of Hungary's financial position was needed. In the case of a small country such as Hungary, economic issues could not be solved without wide-ranging international support and co-operation. The outcome of the current Uruguay Round would influence the development of world trade and hence the fate of Hungary, as well as of UNCTAD VIII. UNCTAD should follow carefully developments in this area. At the same time it would be a great mistake, especially for the future of UNCTAD, not to recognize that development perspectives of all Central and East European countries were basically determined by internal conditions. The Hungarian experience clearly proved this.

97. While he appreciated Part 3 of the Trade and Development Report 1991 on trade issues, he stressed that more attention should have been paid to the internal conditions of development and to the interdependence between internal and external issues.

98. The representative of Denmark, speaking also on behalf of Finland, Norway and Sweden commended the secretariat for the 1991 Trade and Development Report. He noted that the past year had been a turbulent one which had raised fears, because of the eruption of regional conflicts gravely threatening world peace, as well as hopes, because finally the international community had dealt more effectively with these conflicts and also because repressive systems were increasingly being replaced by democratic ones. Events in Central and Eastern Europe were setting an inspiring example for oppressed people in other parts of the world. In recent years there had been a reduction of differences in political and economic systems, giving hope for a more constructive international cooperation in the rest of the 1990s.

Regarding environment, he said that environmental protection and development must go hand-in-hand to ensure sustainable progress. Urgent action in a concerted manner was required if the world were to avert an ecological disaster for future generations.

99. To deal effectively with the problems of economic and social development, it was necessary to recognize the complex global interaction between trade, capital movements, exchange-rate policies, commodity problems, development assistance, debt problems, and environment issues. UNCTAD provided an important universal forum for discussion of these complex relationships. Recalling the serious debates engaged in over the last year or so by the international community on the issues of economic and social development, he said that these debates had signalled an increased willingness by the world community to address global development issues in an emerging spirit of multilateral dialogue, cooperation and partnership. He stressed the growing recognition that developing countries had the primary responsibility for their own economic and social development. Moreover, there was a growing recognition that only sound economic policies, based on the interplay of market forces and stimulating popular participation and the development of human resources could ensure lasting economic growth. In this regard, that the public sector should play a complementary role to that of the private sector. Regarding military expenditures, the Nordic countries believed that it was important that resources currently spent on armaments, to the largest extent possible, be released for productive development purposes.

100. In an interdependent world, domestic efforts must be complemented and supported by a favourable global economic environment. The Nordic countries underlined the importance of an open and credible multilateral trading system for growth and development. They strongly hoped that the Uruguay Round could be brought to a successful conclusion with substantial and balanced results across the board. To this end, genuine efforts by all participants were required. The Nordic countries hoped that such a result would also contribute to the increased integration of developing countries into the multilateral trading system. Regarding the transfer of resources to developing countries, he called upon donor countries who remained below the international target of 0.7 per cent for ODA to contribute to a significant increase in ODA flows to meet this target; he also urged donors to ensure that the agreed commitments made at the Second United Nations Conference on the Least Developed Countries be met.

101. In spite of all the efforts made by creditors and debtors alike, the end of the debt crisis was not near. He emphasized, however, that important progress had been made. The international debt strategy had evolved. Economic adjustment programmes implemented by many countries and supported by debt reschedulings and restructurings were beginning to show positive results. Also, international consensus had developed on the need for debt reduction, especially for the poorest of the heavily indebted developing countries undertaking sound economic reforms. In the view of the Nordic countries, the debt burden of the poorest countries should be placed high on the international agenda and special measures were necessary to reduce their debt burden. The Nordic countries welcomed the review currently being undertaken by the Paris Club. For the most indebted of the poorest countries, who were making serious efforts to solve their economic difficulties, debt reduction of up to 80 per cent should be granted on a case-by-case basis.

102. Regarding the environment, he said that the UNCED in 1992 should provide guidance for the system-wide work on environment and development problems. It was crucial that all organizations concerned engage fully in the preparatory process. In this regard, he welcomed the contribution from the UNCTAD secretariat to the recent Preparatory Committee of UNCED and said he was looking forward to further UNCTAD contributions to the preparatory process in the field of trade and development, especially in the form of assistance at the technical level. Furthermore, he urged on behalf of the Nordic countries that the preparatory process be accelerated.

103. The representative of Switzerland noted the slowdown in the world economy in 1990 and added that projections for 1991 were not very encouraging, as the 1991 growth rate was projected at 1.25 per cent. Contrasting these figures with those registered for the growth of developing countries as a whole, he said that data analysis revealed a link between the rate of growth and liberalization: those developing countries that had pursued adjustment policies or that had maintained outward-oriented policies had registered higher growth rates than the other countries. On the other hand, in some developing countries there were still major obstacles to development, such as macroeconomic disorder, structural rigidities and inefficiencies, and debt.

104. Regarding interdependence, he said that Switzerland had made concrete proposals to improve cooperation between GATT and the Bretton Woods institutions. Switzerland was convinced that better coherence between policies at the international level was the best way to improve the situation within countries through the discipline imposed by international agreements. He also mentioned the need to ensure more coherent social policies, in particular as regards human policies and environment. In his view these latter policies were actually part of what was known today as "good governance". Good management was not sought for its own sake only, but as a way to achieve sustainable development. The Trade and Development Report, while rightly pointing to the measures recently taken by some countries against developing countries, did not mention the restrictive measures taken by developing countries and did not compare either the overall levels of protection. He also expressed reservations as to the way the issue on "protectionism and adjustment" was dealt with in the Trade and Development Report. While the report recognized that the measures included in the UNCTAD data bank on trade did not necessarily constitute barriers, the secretariat calculated barriers to market access on the basis of the quantity of these measures.

105. On debt, he said that Group B as well as the Trade and Development Report had noted the progress made on debt. He insisted, however, on the need for the international community to continue and strengthen its support to the progress made on debt. Regarding the measures taken by Switzerland in this regard, he said that Switzerland had decided to make available 500 million Swiss Francs for debt relief, and that his country hoped to reduce through this means the debt of the poorest and most indebted developing countries, amounting to about 2,100 million Swiss Francs. He added that countries pursuing an economic reform programme and with a debt management system were eligible for his country's scheme, and that Bolivia and Niger were already benefiting from it. Debt reduction operations under this scheme were also under way in Mozambique, Nicaragua and Peru. He also mentioned another

type of assistance scheme: debt for environment (or debt for nature). He mentioned the close co-operation between Switzerland and non-governmental operations on this matter, and added that his country was ready to continue to develop this type of international cooperation.

106. Finally, he stressed once again that it was of the utmost importance to conclude the Uruguay Round quickly and satisfactorily.

107. The representative of Peru said that, while progress had been made in liberalizing trade in both developed and developing countries, no decisive steps had yet been taken towards a reform of the international monetary system. Therefore, much of the gain from trade liberalization could be limited by arbitrary adjustments in interest rates or by excessive fiscal deficits in the major economies. Moreover, the issue of development had been neglected in the consideration of world trade and financial problems. Complementary measures to foster growth and development in the South needed to be taken urgently.

108. He said that the Uruguay Round could contribute to an opening up of markets and to trade flows which were exclusively determined by the efficiency of production. It was a paradox that progress in trade liberalization was to a large extent the result of unilateral and non-reciprocal measures of a large number of developing countries. His own country had reduced its tariffs substantially and eliminated all non-tariff barriers as well as export subsidies. Morevoer, it had eliminated all State monopolies and liberalized its financial system, the transport sector and the foreign direct investment regime. It was now up to the industrialized countries to liberalize their trade, particularly in areas where the developing countries were competitive such as textiles, agriculture and tropical products.

109. Turning to debt, he considered that the principles of the Brady initiative should be applied to all debtor countries and that radical debt relief was required, including official debt. He added that Peru appreciated the outcome of its recent Paris Club renegotiations, but its debt overhang was persisting so that a new round of rescheduling for debt maturing after 1993 would become necessary. A political decision to cancel official debt once and for all would avoid such repetitive renegotiating and might therefore be a more efficient solution.

110. The representative of Ukraine said that the world economy continued to face problems of protectionism, external debt, exchange rates volatility, falls in commodity prices and shortage of resources for development. Recently the difficulties of transition to a market-economy system in Eastern Europe had contributed to those problems. The new policies of the Eastern European countries aimed at transition to market economy, democracy, and integration in the world economy. It was evident that national efforts had to be supplemented by adequate support by developed countries through financial, technological and other assistance. UNCTAD in cooperation with other international organizations, should come up with new ideas concerning interdependence of development, trade, finance and other problems in a changing world. In particular, it was time to form a universal regime of international trade and economic cooperation extending beyond the framework of the Uruguay Round. In that respect the idea of a universal trade organization

deserved close scrutiny. UNCTAD should also continue to follow the issues related to economic reform in Eastern Europe. Other global problems such as debt, the international monetary system, disarmament for development, should also continue to be among UNCTAD priorities.

111. Drawing attention to the problems which Ukraine, as an independent State following the recent proclamation by its Parliament, was facing in its transition to a market economy and independence, he stressed that the transition was taking place in circumstances of falling production, and excessive money incomes, although according to many experts these difficulties were of a transitory character. Meantime, the Republic had adopted many laws and acts laying the ground for a market-economy system. Among them were laws on entrepreneurship, foreign economic activities, and protection of foreign investment. There were also plans to introduce a new national currency. Finally, he expressed his hope that the external environment would be conducive to the implementation of economic reform in Ukraine, and that the integration of the Republic's economy into the world economy would determine Ukraine as an important trading partner, a potential supplier of resources, and a new market for all countries, including developing countries.

112. The representative of the World Bank said that, historically, growth rates in developing countries and in industrial countries had followed each other closely. In the 1980s, however, the per capita growth rate of developing countries had fallen significantly below that of industrial countries. This fact became more alarming when one realized that in large parts of the developing world, notably in East and South Asia, progress had actually accelerated in the 1980s. Correspondingly, per capita incomes had declined both in Africa and in Latin America.

113. According to the World Bank's projections, contained in the latest World Development Report (WDR), income growth in the high-income industrial countries would be somewhat slower in the 1990s than in the 1980s, but the growth of world trade would be somewhat faster, and real interest rates somewhat lower. The 1990s looked slightly better than the 1980s, but also with great diversity. East Asia would continue to lead with the fastest growth rates. Latin America would return to positive growth of per capita incomes. The reforming economies of Eastern Europe would return to a positive growth path towards the middle of the decade, thus, with perseverance and luck, ending the decade with marginally higher incomes than those with which they started it. Though positive income growth was barely perceptible in Sub-Saharan Africa, it was nevertheless a welcome change after two decades of decline. There was obviously interdependence between these two projections. Faster growth in high-income countries helped developing countries and the reforming countries of Eastern Europe and the USSR, through faster-growing demand for their products, and perhaps through higher aid. Interest rates carried over to the cost of capital, and even to its availability. Interdependence was even greater when one looked at specific policies towards aid, debt relief, and trade. The industrial countries could raise or lower by a point or two the growth performance of the fast-growing countries. They could facilitate, or seriously hinder, the adjustment efforts of those which, in Latin America, in Africa, in Asia, and in Eastern Europe and the USSR were striving to reduce macroeconomic imbalances and improve efficiency. But it would be defeatist, and ultimately unacceptable, to pretend that reform and

economic policy improvements were absolutely dependent on outside help and other favourable conditions, which might never be fully realized. Reform postponed rarely became reform made easier.

114. Conduct of the proper policies in the lower-income countries, then, was their full responsibility. They could not delegate it; they could not give it up; and they could not use the lack of favourable external conditions as an excuse for not carrying them out. On the contrary: one might be able to afford wasteful policies when external conditions were good; when external conditions were bad, when resources were scarcest, it was all the more necessary to make good use of them.

115. But this did not absolve the high-income countries from their responsibilities. It was in their interest, not just that countries attempting vigorous economic reforms should succeed in them; but that they should succeed at tolerable human and social costs, in open political systems, free from extremisms of every kind, including excessive nationalism. They could help by ensuring healthy conditions for their own growth.

116. The representative of the Union of Soviet Socialist Republics noted that the Trade and Development Report, as well as the Secretary-General's statement, had focused on the key idea of growing interdependence in the world economy and the close interrelationship between trade and development problems. The events of recent years were showing that internationalization of economic life was accompanied by negative repercussions, especially in weaker national economies, making doubtful their chances for equal integration into the international economic system. He felt that attention by the UNCTAD secretariat to the problems of Central and Eastern Europe and, in particular, to the economic and trade situation of the Soviet Union, was well justified. He fully supported the necessity to continue to give special attention to the transformation processes under way in the countries of Central and Eastern Europe. Active involvement in this problematique would enable UNCTAD to play a positive role and to assist these countries to further integrate into the world economy. In the course of complex and contradictory processes which were taking place in the USSR, the orientation towards a fully-fledged integration into the world economic system remained unchanged. The Soviet parliament had adopted on 5 September 1991 a decree which, inter alia, stressed the need for a strict observance of all international agreements and obligations of the USSR, including those in the field of external economic relations.

117. The current situation in the USSR economy was far from satisfactory. In 1990 the share of exports in the USSR GNP was slightly over 4 per cent. In 1991, according to the preliminary estimates, Soviet exports could decrease to approximately $70 billion and still further to $50-55 billion in 1992. This was caused first of all by the fall in crude oil output and a sharp contraction in exports of oil and oil products. In some cases the unstable situation in the USSR could seriously affect the situation in international markets, such as exports of crude oil, cotton, gold and imports of wheat. Possibilities of imports, which had exceeded $120 billion in 1990, had contracted as a result of continued difficulties in the foreign-exchange situation. Unfavourable trends in world market prices for Soviet commodity exports had caused a further loss in income. As from 1989, external

indebtedness had begun to grow sharply. In relative figures, its value was not substantial, amounting to less than 10 per cent of the GDP, but compared to annual export earnings the debt service for the USSR was now more burdensome than for the overwhelming majority of developing countries. Soviet foreign trade had also been affected by the dismantling of the integration grouping in Central and Eastern Europe, which had existed for more than 40 years. Although a joint search was under way for mechanisms and forms which could remedy the present situation, the fact remained that in the first half of 1991 alone USSR trade with countries in Central and Eastern Europe had fallen two-fold as compared to the first half of the 1990s.

118. He expressed the opinion that it would serve common interests if the historically unprecedented transfer of a giant country simultaneously to strengthened market orientation and political democratization was actively supported by the international community and its multilateral institutions. The USSR intended to intensify its cooperation with UNCTAD, to achieve a rapprochement with GATT and to join IMF and the World Bank. He also placed great hopes on a certain synchronization of the USSR actions with the Group of 7, the European Communities and with all countries without exception that were willing to assist in Soviet reforms and to cooperate on a mutually beneficial basis.

119. The problem of external debt was still urgent and was a factor which negatively influenced the functioning of the economies of many developing countries. He noted with some optimism, however, certain positive tendencies that were emerging in the debt situation of developing countries. He viewed as positive the new initiatives of Western countries, as well as the improvements of debt rescheduling terms within the Paris Club and the Toronto terms. As for the Soviet Union, he observed that, whereas in 1986-1990 the volume of total official development assistance had amounted to $92.2 billion, owing to deterioration in the internal economic situation in 1990 Soviet economic aid had decreased by approximately 15 per cent compared to 1989. The USSR nevertheless continued to be a net creditor to developing countries, and Soviet aid looked quite favourable against the general background. Despite its own difficult monetary and financial situation, the Soviet Union was not deviating from common efforts to relieve developing countries' debt burden, in particular by partial debt rescheduling and the increased practice of debt service through deliveries from developing countries of their traditional and non-traditional export products. Among new non-traditional ways of payment he mentioned several tripartite arrangements that were beneficial to all sides. In accordance with UNCTAD recommendations, the USSR was beginning to introduce a new practice of reinvestment of debts into joint stock enterprises established in developing countries. He also stressed the link between internal and external aspects in solving the debt problem: internal resource mobilization and consistency in pursuing economic policy reforms were fundamental factors of economic growth and the relief of the debt burden.

120. The ambassador of Indonesia stated that, while political rapprochement between East and West was to be welcomed, the future of the world economy remained in doubt, and relations between developed and developing countries continued to be beset by imbalances and inequities. The international community was still facing uncertainty marked by a steady decline in financial flows, worsening of the terms of trade, and increasing protectionism, all of which were to the detriment of developing countries.

121. The slow progress in the Uruguay Round had reinforced the tendency to resort to unilateralism and bilateralism as well as the drift towards managed trade. It was hoped that the Round would be successfully concluded by the end of 1991 with a balanced package satisfying all parties and taking into account the particular interests of the developing countries. Referring to an increasing tendency for transnational corporations to dominate world production and trade, he stated that their restrictive business practices had often distorted the efforts of the developing countries to expand their trade. He underscored the need to further pursue the results of the recent United Nations Review Conference on RBPs by ensuring the implementation of the resolution it had adopted.

122. Development efforts or structural adjustment measures in the developing countries could be of enduring impact only if they were matched by a conducive international economic environment. The accelerated development of these countries had become a prerequisite for sustaining the steady growth of the world economy and an essential condition for world peace and stability. The limited scope of debt relief resulting from the Brady and Toronto initiatives should be strengthened and broadend to embrace all categories of debt of the developing countries, including the heavily indebted ones which had consistently honoured their debt obligations. They had done so only by implementing often painful adjustment policies.

123. UNCTAD, to play a more effective role, should be more responsive to the fundamental changes and new realities in the world. It should adjust priorities in accordance with new developments, while continuing to pay special attention to the problems common in developing countries. UNCTAD VIII would be a unique occasion to revitalize the Conference itself and to regain an effective role for UNCTAD for the 1990s.

124. The representative of Turkey said that in the current period of profound change in the world economy, interdependence between democracy, human rights, market orientation and economic performance was rapidly increasing. Development through a market-oriented approach was often impossible without a transformation of political culture.

125. He noted that international economic cooperation showed a tendency towards regionalization, as opposed to fragmentation of policies and markets which would no doubt hamper social and economic development. Cooperation between developed and developing countries required an integrated approach that recognized the importance of democracy and human rights for private economic initiative and growth. Currently, a deep political and economic crisis and pronounced instability made it difficult for many developing countries to respect human rights and democracy, and to achieve economic development.

126. Interdependence in the world economy made it necessary for policy-makers in the major developed economies to bear in mind the impact of their monetary and fiscal policy decisions on the developing countries. The low level of financial flows could not be explained by a global savings shortage. Specifically, a more equitable credit-worthiness scheme needed to be introduced in order to allow debt relief also to be granted to middle-income countries.

127. Finally, he said that the Uruguay Round was a unique opportunity to enhance the integration of developing countries and the countries of Central and Eastern Europe into the multilateral trading system, and that UNCTAD needed to be restructured in accordance with emerging new needs.

128. The representative of Romania said that growing and deepening interdependence characterized today's world economy. Its management required a reinforced multilateral dialogue and a real partnership that acknowledged common responsibilities. In order to achieve this, it was necessary, firstly, to recognize the necessity of unrestricted trade and access to markets, allowing for preferential treatment of all countries in need; secondly, to reduce the debt burden of - and to increase financial flows - to developing countries and countries in transition; thirdly, to take measures to ensure greater stability of exchange and interest rates; fourthly, to encourage the transfer of technology to developing countries and to countries in transition; and fifthly, to strengthen international commodity cooperation.

129. In the future UNCTAD should be reinforced in three functions, namely analysis of the world economy and policy coordination, initiation of negotiations in the field of trade and development, and expansion of technical assistance activities.

130. He stated that Romania, being a developing country and at the same time a country in transition, was trying to build a new democratic and modern society. Great efforts were under way to foster private initiative and the market economy, including new legislation on the privatization of land and enterprises, as well as on the commercial companies and on foreign investments. However, much remained to be done, especially in terms of efficiency and good management, attracting foreign capital and implementing modern technology. Under present conditions, adequate external support was of paramount importance for economic recovery and the success of the reforms. His country paid tribute to the international institutions as well as to Western European and other countries which had assisted in its endeavour to firmly advance steadfastly towards democracy and a market economy.

131. The representative of Bangladesh noted that fundamental changes in the world economy - including technological innovations and financial deregulation - had given tremendous impetus to the globalization and growth of interdependence. Current concerns about environment, health, narcotics control, migration and terrorism had strengthened that process. However, the current high level of developing countries' debt posed a great constraint on their development efforts. Although a number of recent initiatives towards debt relief had been undertaken, they had not proved adequate. Developing countries, including the least developed countries, continued to service their debt and meet their international obligations at great cost to themselves. Creditor countries and institutions should formulate a debt strategy that provided more debt reduction and debt relief for bilateral, multilateral and commercial bank debt. In that regard, the Programme of Action for the Least Developed Countries for the 1990s should be fully and expeditiously implemented.

132. In addition, in view of the importance of trade as an engine of growth and a vehicle for net resource flows to the LDCs, the Uruguay Round should result in substantially improved market access for the exports of LDCs. He therefore called upon the international community to implement the relevant measures contained in the Programme of Action; in particular, MFN concessions of particular interest of LDCs; enhanced market access for LDCs products through the elimination of tariffs and non-tariff barriers; liberalization of trade in textiles; and improvement in the GSP Schemes. Furthermore, the twin problems facing the LDCs - namely pervasive poverty and environmental degradation - must be tackled simultaneously to provide a basis for sustained growth and sustainable development. UNCED should provide for measures to enable LDCs to incorporate environmental dimensions into their development objectives and policies. For these purposes, LDCs required additional financial and technical support.

133. He recalled that, in spite of devastating floods the Bangladesh economy had achieved a remarkable upturn in 1990. This achievement was, in part, the result of the implementation of new and strengthened policy reforms. However, in 1991 his country had suffered a number of serious misfortunes, in particular losses suffered as a result of the recent Gulf crisis, and the devastation caused by cyclones. His Government was therefore looking forward to a substantial increase in international support, including increased aid flows, greater debt relief and market access.

134. The representative of the Philippines stated that the continuing slowdown in growth of the Philippines, its growing trade deficit, depleted international reserves, and continuing poverty were the end result of macroeconomic imbalances which were not of its own making and beyond its control. To counter those external shocks, the Philippines was instituting rigorous counter-measures in a stabilization programme combating inflation, fiscal and trade deficits, and structural reforms in trade and investment, finance and the public sector. But the success of these reforms would depend not only on the availability of internal resources but also on continued external support. And yet, support for the reforms was nowhere to be found. Funds from external sources were drying up and the little capital that remained internally slipped away in the form of debt servicing. This was the dark reality of interdependence.

135. He supported the recommendation of the South Commission for the establishment of a debtor forum, the expansion of the Brady Plan for commercial debt, further improvement of the Toronto terms, the broadening of the Houston terms, and an extension of 50 per cent debt forgiveness to include other middle-income developing countries. He also called for the application of debt reduction on the entire stock of debt. While welcoming recent initiatives on debt relief, he expressed concern that their impact had not been significant. Being the sixth most heavily indebted country in the world, the Philippines was committed to paying its debt, putting debt servicing almost before all considerations of development. But the country was taking such a heavy toll that it would not be out of place to question, not the morality of paying one's debt, but rather the immorality of demanding payment under such conditions.

136. Finally, he looked forward to UNCTAD VIII as an occasion to address the issue of debt and counted on the cooperation and understanding of the creditor community in finding a solution to that problem.

137. The representative of China, referring to the analysis contained in the Trade and Development Report 1991, stated that the growth of the world economy had continued the decelerating trend of 1989 and 1990. He noted that some industrial countries were in full recession. Although some major economies had shown signs of recovery, it had been uncertain and unstable. In the changing economies of Central and Eastern Europe and the Soviet Union the old economic structure and production patterns had been destroyed but no new structure and patterns had as yet emerged. Developing countries continued to witness feeble growth. Most commodities still suffered from over-supplies and falling prices; for some commodities prices had fallen to their lowest level in history. The terms of trade continued to worsen and, with protectionism by developed countries, had caused heavy losses to developing countries which relied heavily on primary commodities. Although it was still impossible to give a complete estimate of the negative effects of the Gulf war on the world economy, its devastating destruction of the economy of the countries concerned and on world trade was evident.

138. He said that the reasons for the prolonged absence in improvement in many developing countries' economic conditions could be found partly in internal economic and political factors. Therefore, developing countries must adjust their structures and patterns of economic development, formulate and implement suitable development strategies, policies and management measures. Many developing countries had made such efforts in recent years, supported by various domestic and international measures. However, such efforts by most developing countries had not succeeded owing to the adverse international economic environment. In addition to their own efforts, a favourable external economic environment was essential for successful adjustment in developing countries.

139. Turning to the issue of the international financial and monetary systems, he observed that in recent years the idea of economic development based on market forces and liberalization had become a fashionable subject in international forums and had been advertised everywhere as a panacea for development problems. However, while market forces and liberalization could be beneficial in certain circumstances, any uniform practice would be disastrous if it were imposed without regard to the differences of country, area, conditions and environment. In this regard, he considered that two points were well summed up in the Trade and Development Report 1991: there were no purely market-oriented policies; and there was no single model for reform suited to all countries. His delegation considered that the time was not ripe to talk about deregulation in most developing countries that were faced with financial shortage. Less financial resources meant a lower degree of liberalization and more appropriate intervention by the Government. Excessive emphasis on the market and liberalization under conditions of limited resources would inevitably result in more serious financial confusion.

140. To facilitate an effective solution to the problem of development finance, the international community should assume its duties and obligations. Developing countries should, as appropriate, further implement

their adjustment policies, and attract more flows of external resources. Developed countries should positively adjust their financial and monetary policies, substantially increase financial flows to developing countries on preferential terms and reduce their debt burden. Similar measures should also be adopted by multilateral financial institutions. On the question of debt relief and reduction, the recommendations in the Trade and Development Report should be given positive consideration for implementation by developed countries.

141. The representative of the Republic of Korea stated that in view of the growing interdependence among nations, actions both at the national and international levels were essential for the sustained development of developing countries. At the national level, these countries should formulate and implement proper policies and measures not only to develop and mobilize all the available resources but also to make their economic systems more effective and responsive to their needs. Meanwhile the world community should provide complementary support to them with additional resources on concessional terms, widening market access, and facilitating the transfer of technology and information to them.

142. The worsening external environment had weakened the efforts of developing countries to pursue the export-oriented strategy based on market mechanisms. Thus, the achievement of a successful and balanced outcome of the Urguay Round negotiations could not be over-emphasized. One grave concern was a strong trend towards the establishment of regional economic blocs, including those in Europe and in North America. It was hoped that they should not be discriminatory against developing countries and that the trade-creating effects would be greater than the trade-diverting effects. Official bilateral debt of the developing countries should be further reduced through the Paris Club, and multilateral financial institutions should consider establishing special facilities to provide relief to the highly indebted developing countries. The effects of recent innovative strategies, such as the Brady Plan and Toronto terms, on overall debt reduction had been rather limited. In this regard, the Craxi report in 1990 contained important policy recommendations which were worthy of serious consideration. The role of the developing countries could not be underestimated. They must mobilize domestic resources through increased domestic savings, balance their budget, encourage the return of flight capital, and create a favourable climate for foreign investment.

143. With the entry of the Republic of Korea to the United Nations, his Government was ready to participate more actively in coping with the various problems facing developing countries, such as poverty, hunger, underdevelopment and debt. His Government had recently established the Korea International Cooperation Agency (KOICA) to provide technical assistance to sister developing countries in a comprehensive and effective way. The Government also planned to expand its ODA channelled through the Economic Development Cooperation Fund (EDCF) in the near future. His Government also attached great importance to the provision of technical assistance to developing countries on a multilateral basis, especially in cooperation with the United Nations, including UNCTAD.

144. The representative of Egypt stated that, as the problems of the international community were interdependent, all countries, North and South, rich and poor, had to adopt a comprehensive programme to face those problems. While the end of the Cold War had ushered in a new era of international relations, some areas, such as the Middle East, were still lacking peace and security. Developing countries must explore the new international developments and adopt corresponding constructive policies. Developed countries bore a great responsibility towards the success of those efforts as their macroeconomic policies profoundly affected the economies of developing countries. He called for a real dialogue between the North and South in recognition of the fact that progress in the South furthered the prosperity of the international economy. However, developed countries were continuing to pursue protectionist policies and to subsidize their agricultural produce, whereas developing countries were criticized if they followed similar policies.

145. He hoped that the conclusion of the Uruguay Round would lead to an increase in the share of developing countries in international trade, and called upon UNCTAD to carry out a study on the positive and negative repercussions of the Round on developing countries. He expressed his appreciation for UNCTAD's efforts towards establishing a trade financing facility for developing countries. Structural reforms in developing countries were bound to fail unless they were accompanied by external finance. Such finance should not be adversely affected by the direction of financial resources towards Eastern Europe.

146. The Trade and Development Report 1991 maintained that the solution to the debt crisis was still far away. Egypt's agreement in the framework of the Paris Club was the result of its pursuing harsh reform policies. The debt reduction agreed upon was to be implemented in stages on the condition that Egypt remained committed to the policies of economic reforms which the International Monetary Fund approved of. Huge resources were needed for reconstruction in the Persian Gulf, restimulation of development efforts, debt reduction, and the requirements of economic transformation in Eastern Europe. The shortage of capital was not only due to insufficient savings but also to the inability of the international financial system to transform those savings into investment.

147. He called for the reduction of military spending in view of the East-West détente. Such reduction also depended on solving regional conflicts. Priority should be given to the ban on weapons of mass destruction and he referred to his country's initiative in proposing to make the Middle East a zone free from such weapons. Finally, he welcomed the call of the United Nations Secretary-General to hold an international conference on financial resources for development.

148. The representative of France said that the debt problem of developing countries, in spite of some signs of improvement, clearly remained a matter of concern. Indeed the debt problem could not be dealt with independently of the general economic situation of the debtor countries because the objective of returning to external payments equilibrium required the close conjunction of sound economic policies and appropriate treatment of the debt. He emphasized in that respect the importance of the continuity of economic adjustment policies conducted under the auspices of multilateral institutions. On the

other hand, the debt problem could not be addressed globally nor in a normative manner, through rigid criteria such as the ratio of debt service to exports.

149. Noting that there was a considerable difference between a country which could not find virtually any resources to service its debt and a country which had encountered difficulties in servicing its debt, but could hope for new loans and therefore had a stake in conserving financial credibility with potential creditors, he stressed that it was essential to distinguish between the various categories of indebted countries.

150. Regarding, in particular, guaranteed commercial credits, he stated that the industrialized countries found questionable the comments of the Secretariat's report. In his Group's view, export credit agencies should take into account in their analysis the economic situation in every country concerned.

151. Referring to the loans covered by export credit agencies, the whole present debt strategy regarding these credits was gradually to return, on a case-by-case basis, to disbursements and therefore debt burdens which were more compatible with the economic situation of these indebted countries. Hence it should not be surprising to see a reduction, for certain countries, of new flows of guaranteed loans. On the other hand, this trend was being compensated for by the evolution of official development assistance during recent years. Regarding the treatment of bilateral public debt in the framework of the Paris Club, he emphasized that, in his Group's view, the Paris Club was not showing a short-term view of debt problems by being interested only in repayment deadlines which fell within a period of around one year.

152. Regarding the debt of the poorest countries, he recalled the importance of the various measures aimed at reducing the debt burden already taken by various creditor countries. He noted the growing consensus existing on the need for very special terms for the poorest, most indebted, countries. He referred to the Group of 7 agreement at the London Summit in July 1991 on the need for additional debt relief measures, on a case-by-case basis, for these countries, which went well beyond the relief already granted under Toronto terms. He added that the Group of 7 had also called on the Paris Club to continue its discussions on how these measures could best be implemented promptly and said that the Group of 7 had correctly identified the Paris Club as the appropriate forum in which those considerations should be finalized.

153. Regarding the debt of lower-middle income countries, he emphasized that the ultimate purpose of the debt strategy for these countries was to facilitate their return to normal market financing. The new measures adopted for these countries by the Paris Club, following the conclusions of the Houston Summit in September 1990, involved basically lengthening the period of consolidation of rescheduled credits and opening up the possibility for official bilateral debt swaps to those creditor countries which so desired. He added that several creditor countries had expressed a desire to go further, inter alia by setting up a system of options for the treatment of bilateral debt of the lower-middle income countries. Referring to the debt reduction agreements concluded for Poland and Egypt, he said that these were special

cases which could not be used as a precedent for a general policy. Regarding multilateral debt, he said that Group B was aware of its importance for a considerable number of countries, and had taken note of recent initiatives such as the strengthened arrears strategy. He also stressed the need to safeguard the creditworthiness of the international financial institutions.

154. In conclusion, he emphasized that each country was principally responsible for its own development and thus for the policies to achieve this. The international community had endeavoured to create, by a strengthened policy dialogue, conditions favourable to sound and sustainable development. The industrial countries should continue to make substantial additional aid efforts. The treatment of debt was not an end in itself, but a means, among many others, to contribute to development, which could only have a durable effect if it were accompanied by sound economic policies,

155. The representative of the International Monetary Fund (IMF) said that prospects were good for a strengthening of growth of the world economy in late 1991 and in 1992. The trend towards globalization of investment, production, and financial flows, together with policies aiming at increasing the flexibility of national economies, had allowed the world economy as a whole to absorb the virtually unprecedented shocks of the recent past reasonably well. The worldwide merging of policy objectives presented challenges to all: developing countries were to achieve sustainable growth and poverty reduction in the face of rising populations and increasing competition; the countries in transformation were faced with rising unemployment and uncertainty; and the industrialized countries had to accelerate their own structural adjustment in order to overcome unemployment at home and to accept responsibilities abroad.

156. There was a clear link between strong growth over the medium term and implementation of disciplined macroeconomic policies and fundamental structural reforms. What was seen as the apparent "adverse" effects of such programmes was mostly related to a lack of clarity and conviction in their implementation. A recent review by the Fund showed that where structural adjustment programmes had been implemented unambiguously, growth performance had improved.

157. She added that a free flow of production factors within and across domestic borders would maximize growth opportunities. Therefore, a successful conclusion of the Uruguay Round was a prerequisite for economic growth worldwide and the success of the adjustment policies pursued by many countries. It was equally important to ensure that the channels for international flows of savings and investment worked efficiently. Looking at the trends for savings and the demand for investible funds in the longer run, the crucial contribution that an efficiently operating open trading and financial system could provide appeared more necessary than ever. There was a need for an increase in savings and investment in productive assets. Curtailment of dissaving in the public sector could trigger a higher level of private savings and thereby create an environment in which the propensity to invest would also rise, and stability of monetary policy objectives would contribute - via inflation expectations - to lower interest rates in the longer term. Public intervention in effecting savings and investment decisions had led to the misinvestment of the past and its adverse consequences, including the accumulation of excessive debt.

158. The representative of Belarus informed the Board that the Republic of Belarus had become a sovereign State and was going to pursue its own foreign policy and foreign economic activities. The laws adopted by its Supreme Soviet would be directed towards overhauling the economy and would lead to a more active participation in the international division of labour. Given the increased interdependence of States, those who were on the sidelines risked losing the opportunities offered by the international division of labour. The discussion of interdependence issues in the framework of the Board was thus highly important.

159. International organizations should contribute to the process whereby "internationalization" would be conducive to growth in all parts of the world economy and, in particular, in the countries of Eastern and Central Europe. In this area the question of efficient use of UNCTAD's potential was relevant. Thus UNCTAD could become more active in developing new concepts of development and trade in view of the radical changes taking place in the world. Forecasting the trends in the world economy, studying its long-term processes, early detection of negative tendencies should be a part of its activities. Profound analysis of changes taking place in Eastern Europe and recommendations thereon could contribute to early integration of those countries into international economic relations and to the increase of all trade flows. UNCTAD should further concentrate on such issues as debt, instability of international monetary and financial relations, protectionism and structural adjustment. The impact of integration on trade flows and its distribution was also of a great interest. Moreover, it was necessary to coordinate the activities of UNCTAD with those of different international organizations on the basis of complementarity. His delegation was interested in considering the question of organizational changes in the mechanisms of multilateral trade and economic cooperation.

160. The representative of Tunisia stated that the world economic environment continued to be uncertain owing, in particular, to the fragility of financial institutions in industrialized countries. He noted, however, that during the past decade industrialized countries had registered continued growth of about 4 per cent per year on average. These results were in sharp contrast to those of developing countries, particularly in Africa where a number of countries were experiencing weak growth or even stagnation. Such poor results were not conducive to optimism because they had been registered at a time when most African developing countries had been pursuing structural adjustment programmes involving economic and social costs. The vulnerability of African economies had been exacerbated by a globally unfavourable external environment. He also drew attention to the high debt burden of Africa and said that the debt service ratio for African countries as a whole was currently more than 30 per cent.

161. In his own country debt servicing remained a factor of uncertainty for Tunisia's development and his country was experiencing increasingly high negative net capital flows. The Gulf crisis had also had an impact on his country's economy but, in spite of the difficulties faced, Tunisia would maintain its structural adjustment efforts especially as regards trade liberalization and the restructuring of the public sector.

162. He stressed, however, that the social dimension of structural adjustment and the overall objectives of development should not be overlooked. New approaches on debt should be considered, and he referred to the initiatives recently taken by the Paris Club in favour of Poland and Egypt. He felt that eligibility criteria should be economic rather than political. He also referred to the proposals made by the Secretary-General of the United Nations in his report on the recovery and development of Africa, especially the proposal on bilateral official debt forgiveness, the amortization of private debt in a progressive way, and the reduction of multilateral debt with the assistance of donor countries.

163. Finally, he emphasized the importance of quickly concluding the Uruguay Round, suppressing trade obstacles, solving the debt problem with particular attention to Africa, and increasing official development assistance.

164. The representative of Mexico said that the recent radical changes in the world economic and political setting were a source of uncertainty for many developing countries whose fundamental problems in trade, money and finance remained unsolved. Developing countries were liberalizing their trade, but protectionism continued to rise in the developed countries and was taking less transparent and discriminatory forms. He welcomed the declaration of the recent meeting of the Group of 7 to make an effort to conclude the Uruguay Round; it was, however important that attention be paid in the negotiations to the particular needs of the developing countries.

165. He believed that the increasing interdependence between trade, finance and monetary issues required an adequate effort in international policy coordination, particularly among the industrialized countries and the international financial institutions, taking into account the impact of these countries' policies on the developing countries. Mexico was currently undertaking great efforts to modernize its economic structures and to find new avenues for growth and development. It was not only negotiating a treaty with the United States and Canada to facilitate trade and investment flows, but was also trying to strengthen economic integration with Latin America and the Pacific region, and to establish closer links with the European Community.

166. In many developing countries the problems of debt and reduced availability of external finance had been accompanied by a deterioration of the terms of trade and a fall in primary commodity prices, at a time where it was also very difficult to increase foreign-exchange earnings through higher exports due to rising protectionism. He welcomed the recent initiatives of some creditor countries to solve the debt problem. However, the international debt strategy needed to be strengthened further, so that a larger number of countries could benefit from solutions like the recent 50 per cent debt reductions for Poland and Egypt. He underlined that economic cooperation should not be understood as a political reward.

167. He added that the problem of international migration had to be seen in a historical perspective; there was a tendency to overlook the fact that migrant workers were also a factor of development. The examples of the United States and Canada, which for centuries had been the destination of a huge migration flow from Europe, showed how immigration could lead to accelerated development.

168. Finally, he noted that many suggestions had been made for strengthening UNCTAD. Not all of them, however, went in that direction. To turn UNCTAD into an advisory board on foreign investment would be to stand its purposes on their head.

169. The representative of Argentina, speaking also on behalf of Brazil, said that while the world political order was on the way to greater harmony and consensus, the economic order was marked by an erosion of multilateralism and international economic cooperation, despite increased interdependence and a globalization of economic activity. He stressed the important role played by the developing countries in the liberalization of international trade. Many of them had matured and were undergoing a process of industrialization, accepting the challenges of world markets, and they now expected "fair play". Brazil and Argentina had eliminated non-tariff barriers, deregulated economic activity, were abolishing all direct and indirect subsidization of production, and had substantially reduced the average level of tariffs. By contrast, in many developed countries protectionism, export subsidies and managed trade were on the rise, and there was a lack of willingness on their part to discuss the real problems facing the world economy. Trade was the engine for growth, but it could only expand in a market system, protected by clean, stable and transparent rules of the game. Furthermore, the debt problem had reached unmanageable dimensions, hindering investment and growth in the developing countries.

170. He recalled that UNCTAD had been founded in the belief that it could serve to overcome extreme poverty, hunger and malnutrition in the developing world by the end of this century. In the meantime, many countries had made spectacular progress, but too many were still waiting for it. Today UNCTAD remained the principal forum for discussion of the complex issues of interdependence and development, but there was a need to restore the conditions for global dialogue with a view to fostering sustained growth in all countries. New forms of international cooperation had to be found, and UNCTAD needed an institutional and operational revitalization. UNCTAD VIII provided a unique opportunity for such needed revitalization.

171. The representative of the Democratic People's Republic of Korea said that highly volatile global political and economic changes and the trend towards regional economic groups among developed economies, including those in North America and in Europe, posed a serious threat to the socio-economic development of the developing countries. The competitiveness of exports of developing countries had constantly been eroded by market instability, a sharp and continuous decline in prices of commodities, restricted access to the markets of developed countries, the upsurge of protectionism, production and export subsidies granted by developed countries, and certain price-fixing practices engaged in by some TNCs. In addition, the export earnings of developing countries were dwindling due to declining demand caused by the recession in the developed economies as well as the rising tide of protectionism and persistent managed trade.

172. While the developing countries had adhered to their commitment to trade liberalization by systematically reducing their tariffs, protectionism pursued by developed countries was taking new forms of non-tariff measures. As a result it was the developing countries that had to bear a high cost for growth

and development. Concerted efforts to introduce political and economic conditionalities in international economic cooperation was harmful and dangerous to genuine cooperation and to the economic growth and development of the developing countries.

173. UNCTAD should further strengthen its important role in the field of trade and development by adopting policy measures aimed at creating favourable conditions for the growth and development of the developing countries. In this regard, the tendency of adopting decisions that would affect developed and developing countries and which were taken outside of multilateral forums would marginalize developing countries and should therefore be stopped. The developing countries' say in multilateral organizations should be duly guaranteed.

174. The representative of Venezuela said that although the past decade had brought with it an absolute setback for the developing countries in terms of growth, indebtedness and poverty, in the present decade developing countries had a different perspective derived from their past experiences. The countries of the South had made great efforts to implement stabilization programmes and in liberalizing trade and foreign investment. The developing countries expected to see the Uruguay Round yielding results, including special treatment for developing countries in all areas of negotiation. Such an outcome would constitute an adequate response to the considerable policy reforms they had undertaken during the past few years. He added that UNCTAD VIII should contribute to finding adequate solutions to the debt problem. He also welcomed the willingness expressed by Group B to join the developing countries in their efforts to promote development and international cooperation.

175. As an example of the commitment of Venezuela to international cooperation, he referred to the meeting between oil producers and consumers, which had been proposed by Venezuela with the support of the French Government in order to bring oil production into line with its use. The meeting was a stimulus for a wider exchange of information and criteria concerning energy.

176. In conclusion, he drew attention to the importance of the next high-level meeting of the Group of 15, to be held in Caracas in November 1991, as a coordinating forum for the South positions on world affairs and to assist on the implementation of cooperation projects.

177. The representative of Algeria stated that the interdependence of trade, finance and the international monetary system was one of the main parameters of the world economy. Structural adjustment programmes had been undertaken by most developing countries, including Algeria, on the hypothesis that the major developed countries would, on their side, take the necessary measures to create a healthy international financial and monetary system. She noted the differences of perception between developed and developing countries on the question of interdependence, the former believing in formulas such as good management, the fight against corruption and the market-economy system to achieve economic recovery, while for the latter what mattered was the adoption of measures and policies aimed at ensuring the satisfaction of the vital needs of their populations in education, housing, employment, socio-economic infrastructure and democracy. In this respect, the formulations adopted by

the developed countries, while conveying certain economic truths, could be faulted for their lack of any social message that inspired hope and was likely to win the support of these populations. Her delegation agreed with the view expressed during the informal consultations on interdependence that there was an absolute need to take into account the socio-economic situation prevailing in each country.

178. The consensus existing today on interdependence as a major element of the world economy should allow for the establishment of coordinated policies and mechanisms, particularly at the multilateral level, in view of the end of the East-West confrontation and the measures recently announced on disarmament. Regarding the role of the international community, she referred to the declaration on the international co-operation in particular the resumption of economic growth and the development of the developing countries and to the International Development Strategy for the Fourth United Nations Development Decade. These two texts adopted by the General Assembly could contribute effectively to broadening the existing consensus on interdependence. UNCTAD could play a positive role in this regard, particularly on the eve of the eighth session of the Conference.

179. Regarding debt, she said that her delegation fully agreed with the statement made by the Group of 77 on this issue. She stressed that, without efficient and appropriate measures to end the negative net transfer and to reduce the debt burden, it would be difficult for developing countries to continue with their programmes of economic and political reforms. In that respect, she felt that the Communiqué of the Group of 7 as well as the recent measures taken by the Paris Club suggested that real improvements in the debt strategy were possible. For a number of developing countries urgent measures on debt should be taken. The proposal made by the United Nations Secretary-General at the opening meeting of the Economic and Social Council in July 1991 to convene an international conference on development finance was now particularly relevant and should therefore be fully supported by the international community.

180. The representative of Viet Nam said that some recovery in world economic activity by the end of 1991 would have been welcome. However, overall improvement would be moderate and it concealed significant disparities among regions. Growth prospects for the least developed countries remained gloomy, with stagnation on commodity markets. The debt problem was far from being solved and measures taken were insufficient. The international debt strategy should have led to a larger contraction of debt and should have been guided by unbiased economic criteria. The shortage of development resources was being acutely felt and a better utilization of world saving was called for. International financing should have assisted development and trade, not the reverse. The economic crisis which developing countries had been facing for a decade was related to an unfavourable external economic environment which had deteriorated sharply compared to previous decades. That adverse environment was characterized by the collapse of financial flows to developing countries, persistent high real interest rates, volatility of exchange rates of the main currencies, continued falling commodity prices, deterioration of terms of trade, increased protectionism on the part of developed countries, and the use of economic power rather than respect for the agreed principles in international trade.

181. Moreover, the technological gap between developed and developing countries continued to widen, resulting in changes in international competitiveness that transformed comparative advantage into disadvantage for developing countries. Systematic cooperation in economic activities should be engaged in on a broad basis reflecting the needs and goals of all countries for mutual benefit. Durable and sustained development implied prime consideration being given to the protection and upgrading of the environment. But for many developing countries, the resolution of the debt problem was the mainstay for development. Poverty, underdevelopment and environmental deterioration constituted, in fact, a vicious circle. In the efforts to revitalize the world economy, a solution to the debt of developing countries would be beneficial to global economic activity.

182. He stated that Viet Nam had started a renewal process in 1985 to enhance economic efficiency through market mechanisms and had encouraged private initiative. Since the establishment of the Code on Investments, foreign investment had amounted to more than $2 billion. To accelerate the development process, the country had already applied for admission to the Bali Treaty of ASEAN. Finally, he said that Viet Nam was still suffering from an embargo, imposed by a certain country, which hindered not only the development process, but also penalized the latter country's businessmen.

183. The representative of Czechoslovakia stated that, following the momentous political changes in the countries of Central and Eastern Europe, the international community had entered a period of fundamental challenges and unique opportunities for international cooperation. Bold steps were being taken towards democracy and the market economy. However, the slowdown in industrial countries, sharp fluctuations in world prices in 1991, a growing imbalance between large demands on world savings and heavy investment needs, and the failure to conclude the Uruguay Round had made the external macroeconomic environment less favourable.

184. It was important to ensure that democracy and economic progress went hand in hand. Only a market-based economy could ensure successful development within the framework of a pluralistic political system which guaranteed the development of human resources and the primacy of the rule of law. In the process of transformation his country faced different problems. Some problems, such as the fall in output in the first half of 1991, were the inevitable result of the process of transformation. External factors, market disruption in Eastern Europe and the collapse of the CMEA also had contributed to the fall in production and the rise in unemployment. A key question in the transformation process was the timing and sequencing of reforms. Demonopolization, privatization and creation of modern competitive industries were large tasks which could not be implemented in a short period of time. However, he considered that half-hearted or weak economic policies were dangerous for the economy and that the momentum of reforms must be preserved. The main elements of Czechoslovakia's present policy were tight fiscal, monetary and income policies, price liberalization and the opening up of the foreign trade system. His country's economy was relatively open and dependent on external factors. Czechoslovakia had joined in the Uruguay Round with the conviction that a strong and well-functioning international trading system was essential to sustained economic growth and the expansion of world trade. It

welcomed the fact that UNCTAD VIII would be taking place in a very short time and expected to see that forum reacting appropriately and reflecting the above-mentioned elements in its work.

185. The representative of Kenya said that momentous economic and socio-political changes along with technological advances had led to the globalization of the world economy and had escalated the problems of developing countries. Most developing countries were dependent on exports of primary commodities, but over the years, declining commodity prices had eroded export earnings, whereas prices of imports and the cost of financial resources were constantly on the rise, which, in turn, exacerbated the debt problem. As a result little was left over from export earnings for investment in productive activities. While he acknowledged the performance of the "Asian Tigers", he pointed out that those economies had benefited from large injections of foreign investment. The importance of investment flows to developing countries could not be over-stated. To that end, many developing countries had undertaken extensive adjustment and institutional reforms. Indeed, trade, finance and monetary issues were interrelated areas where actions were required on a broad front if domestic policies were to succeed - including remunerative prices for commodities, enhanced market access, adequate financial flows, debt reduction and the reversal of protectionism.

186. The continuing debt crisis, particularly in Africa and Latin America, had grossly impaired investment flows and future commercial borrowings and negatively affected the development of the productive sectors. In the case of Kenya, the external debt burden had grown enormously since 1974. At the same time investments had declined steadily, as the inflow of new finances fell short of outflows. He called for urgent measures by creditor countries to alleviate the situation of debtor countries, including longer repayment periods in rescheduling arrangements, the conversion of ODA debts to grants, easing of the conditionality criteria of the multilateral financial institutions, support for increased exports from developing countries and increased financial flows, especially to African countries as agreed under the UN-PAAERD. Increased export earnings for debtor countries were most important since they would ultimately reduce their need for external financial assistance.

187. The representative of Jamaica said that dynamic changes in political and economic activities had presented new challenges for international cooperation. There was a new imperative to intensify the development dialogue and to agree on adequate measures to assist developing countries in reversing their economic and social deterioration. She noted that increasing globalization in world economic activity, facilitated by advances in information technology, had given a substantial impetus to interdependence. Developing countries had thus become more vulnerable to the shifts in macroeconomic policies in the major OECD countries, in particular on the debt burden of developing countries. Despite vigorous adjustment efforts by debtor countries the external payments situation had remained extremely difficult, and had impeded the prospects for development. While some progress had been made in relieving the debt burden in respect of commercial bank debt and official bilateral debt, the overall effect of such measures had been limited. She was encouraged by the debt reduction agreement recently concluded between the Paris Club and Poland and Egypt, which represented a

significant advance in the international debt strategy. She called for urgent action to relieve the debt burden of middle-income countries with debt obligations to multilateral financial institutions, and for consideration to be given to the full write-off of debt owed by low-income countries.

188. Turning to the Uruguay Round, she expressed the hope that the negotiations would achieve balanced and successful results. It was of vital importance for developing countries to gain better and accelerated market access. Also crucial to the outcome of the negotiations was the perceived need to resolve the issues of export competition and of developed countries' domestic agricultural support policies. It was disturbing to note that protectionism had continued in developed countries while far-reaching trade liberalization measures were being implemented by several developing countries. In addition, the resource needs of developing countries had remained substantial and necessitated a major increase in aid flows and better access to existing world savings.

189. The representative of Costa Rica said that his country had recently rescheduled its commercial debt within the framework of the Brady initiative, and had negotiated official debt rescheduling with the Paris Club as well as within the framework of the Enterprise for the Americas Initiative. Even though the economy of his country had improved, the economic indicators would have been substantially better if the problem of the debt burden had been solved, as was the case for many other debtor countries. Although it had undergone a severe structural adjustment programme, its efforts to improve economic efficency would only bear fruit when access to export markets was ensured and when the debt burden was significantly reduced. In the past few years the country had suffered a grave deterioration in health services, housing, education and infrastructure.

190. He said that the debt problem was the responsibility of both debtors and creditors. Therefore, the multilateral financial institutions should review their lending policies. New formulas of debt relief had to be found, particularly for those countries that, with great efforts, had fulfilled their debt obligations. The capacity of countries to pay should be judged in accordance with their fiscal situation, their development needs and their social and economic obligations. Finally, debtor countries should be allowed to make repayments in national currency to finance projects that contributed to poverty reduction, the generation of foreign exchange and protection of the environment.

191. The representative of Nigeria said that the end of the Cold War had made more real than ever the prospect for channelling world resources, previously diverted to expenditure on arms, to development programmes. He noted that the world economy was in recession. Athough the developing countries were on the whole showing some signs of improvement, as GDP growth in 1991 was expected to be higher than in 1990, many - especially in Africa - had experienced lower rates of growth. In the current trend of forming free trade agreements and regional trading blocs among developed countries, the total marginalization of Africa could only be avoided if the multilateral trading system was strengthened. The successful conclusion of the Uruguay Round would be very important for Africa, if it led to the dismantling of barriers to trade in sectors such as tropical products, agriculture, textiles, clothing and natural resource-based products.

192. The African continent had experienced more negative net resource flows as more money was transferred to the multilateral financial institutions and commercial banks had been reluctant to lend new money to the region. This development was taking place in a period of increasing shortage of savings and rising demand for external finance due notably to the events in Eastern and Central Europe. No less than 35 African countries had embarked on IMF-supported structural adjustment programmes. The success of such programmes would depend on an improvement in the international economic environment. The industrialized countries should similarly adjust their economies to reduce structural imbalances and to achieve stable exchange and interest rates.

193. He recalled that African leaders, after several years of negotiations, had signed in Abuja, Nigeria, in June 1991 the Treaty establishing the African Economic Community, which would offer greater potential for structural change and transformation of the Continent.

194. As for the African debt crisis, he welcomed the statement of the recent London Group of 7 Summit, which stipulated that Africa deserved special attention and expressed the commitment to providing concessional finance and reducing debt burdens. Welcoming also the recent debt relief granted to Poland and Egypt, he hoped that similar debt relief would be extended to others, particularly the severely indebted African countries. In this regard, he expressed his support for the call of the Group of 77 for the establishment of an international debt facility.

195. The representative of the Islamic Republic of Iran observed that the 1 per cent growth of the world economy in 1990 was less than the rate of growth of world population and that there would be no perceptible growth by the end of 1991. Nevertheless, if disarmament took place and protectionist policies were abandoned, large financial resources would be available for allocation to poor countries. Since early 1980 developing countries, instead of being recipients, had in fact been exporters of financial resources to developed countries. In 1990 alone, the net financial resources transferred from developing countries to developed countries amounted to $32 billion.

196. The Persian Gulf war was another factor in the worsening global economy in 1990. Although its effect had been temporary, it had imposed deep and lasting negative effects on the countries of the Persian Gulf region. Oil-producing countries in the Gulf had always assisted the needy countries, either multilaterally or bilaterally through grants and concessional loans. With the diversion of financial resources into military expenditure and the reconstruction of war damage, developing countries which had previously received aid from countries of the region were being driven to find other resources. The needs of the Central and Eastern European countries for financial resources would put pressure on the world financial markets and increase concerns about interest rates and the debt crisis of the poor countries. Without a stable international monetary system, worldwide sustainable growth in trade and development could not take place. Policies of the developed countries, based in the 1980s, on short-term considerations and political motives, had had serious negative effects on the international monetary system and had intensified global problems such as the debt crisis. Reluctance to adopt structural adjustment programmes in developed countries

had led to distortions, such as huge current account imbalances and severe shortfall in savings and investment. While programmes designed by international financial institutions for developing countries contained pressures for economic liberalization, developed countries, with a long history of protectionist policies to save inefficient sectors, were still insisting on restrictive policies. Reaffirming the need for a successful conclusion of the Uruguay Round of multilateral trade negotiations, he stressed the importance of assessing its impact on world trade, growth and the economic development of the developing countries and said that these aspects should be discussed in the Board and at UNCTAD VIII.

197. The representative of the International Confederation of Free Trade Unions (ICFTU) stated that the ICFTU had consistently urged the need for major initiatives to tackle effectively the continuing debt crisis, the eradication of mass poverty through reactivation of the global development process, and the reform of the regulations governing the conduct of international trade. Yet the indebted countries continued to be obliged to pursue policies of austerity which were gravely damaging their productive capabilities. International policies so far applied had aggravated rather than alleviated the situation and required drastic revision. Far more resources needed to be devoted to debt reduction programmes of the Brady-Plan type. Large proportions of debt needed simply to be written off.

198. Deepening global interdependence meant that creditors and debtors not only had a common responsibility for the resolution of the debt crisis but also a common interest in the elimination of the international economic imbalances that constituted a major hindrance to the process of growth and development. This process required favourable conditions, both domestically and internationally, if it was to have a chance of success. Recent developments had shown that denial of basic democratic freedoms, and the absence of mechanisms for free expression and of real popular participation in policy-making lead to economic and social stagnation and decay. Wherever trade unions were excluded from decision-making, or were actively repressed, working people were likely to have no commitment to policies of which they would probably be victims rather than beneficiaries.

199. Such considerations were of enormous significance in respect of the programmes of structural adjustment implemented with the involvement of the International Monetary Fund and World Bank. The ICFTU believed that these agencies had a responsibility to link financial assistance to respect for basic human rights, including trade union rights. The terms of conditionality needed to be redesigned to assist debtor economies to grow out of debt while protecting and improving the social fabric upon which their future prospects ultimately depended. To this end, trade unions should be involved fully by the international agencies and governments in the formulation and implementation of adjustment packages.

200. The fact that world trade continued to grow significantly more quickly than output should not be allowed to disguise the major problems confronting the international trading system which had made the Uruguay Round so difficult a process. The ICFTU was concerned to ensure that social rules were introduced into GATT in such a way as to strengthen and defend the mechanisms

of open, multilateral, and fair trade. The ICFTU therefore supported strongly the inclusion of a social clause within GATT that would make trading privileges dependent upon respect of minimum labour standards and ensured that those who exploited forced or child labour, or denied basic rights of organization and collective bargaining, should not draw competitive advantage from so doing.

201. At the 793rd plenary meeting, on 27 September 1991, the spokesman for the Group of 77 (Chile) introduced a draft resolution on agenda item 3 which his delegation had submitted on behalf of the States members of the Group of 77. (The draft resolution was subsequently circulated in TD/B/L.923.)

Action by the Board

202. At its 797th (closing) meeting, on 4 October 1991, the Trade and Development Board adopted the draft resolution on agenda item 3 which the President had submitted as a result of informal consultations (TD/B/L.925). (For the text of the resolution, see part I above, resolution 396 (XXXVIII).)

203. At the same meeting, draft resolution TD/B/L.923 was withdrawn by its sponsors.

204. The representative of the United States of America stated that the United States recognized the important efforts of developing countries to implement economic reforms aimed at sustainable economic growth and development. His country believed that appropriate support for such reforms was critical. In particular, the United States had this year implemented debt reduction in support of economic reforms for a number of the poorest countries in Africa, Asia, and Latin America, as well as for Chile, Bolivia, and Jamaica in the context of the Enterprise for the Americas Initiative. He emphasized, however, that the United States strongly believed that debt and related economic and financial issues were appropriately addressed by the international community in the IMF, the World Bank, and the Paris Club. The United States opposed a role for UNCTAD in addressing or negotiating on these issues - or in suggesting priorities or setting out options on debt issues for these independent institutions. Consequently, the United States reserved its position on subparagraphs 2 (d), 2 (g) and 2 (h) of the resolution on debt. His country also wanted to clarify that, in the London Economic Summit declaration referred to in subparagraph 2 (c), the Group of Seven had recognized the need for additional debt relief, on a case-by-case basis, for the "poorest, most indebted" countries.

205. The spokesman for the Group of 77 (Sudan) stated that his Group was very surprised to have heard the statement of reservation just made by the delegation of the United States of America in relation to the resolution on debt and development problems of developing countries, since such practice had a negative impact on the collective resolve of the international community to face UNCTAD VIII with the required positive and constructive approach.

Statements made at the conclusion of the debate on agenda item 2 by the President and by the Secretary-General of UNCTAD

206. The President, in a personal summing-up of the main lines of the discussions on agenda item 2, said that one of the questions arising from the debate was what issues did or did not fall under the heading of interdependnece. He would therefore confine himself to trying to identify the main areas in which he detected a consensus, and to setting out the topics on which further work needed to be done. In the first place, he believed that there had been broad agreement that it was important that the international monetary, financial and trading systems should function harmoniously with each other, especially since rapid globalization of economic and financial activity was making national economies ever more interdependent. Consequently, all countries attached great importance to concluding the Uruguay Round successfully. The question of "economic spaces" similarly evoked great interest, not least as regards their impact on third countries and on the degree of openness of the international trading system.

207. In parallel to this, there had been agreement that national policies were of cardinal importance. Efforts to improve domestic policies were seen as being important for all types of economies, with the accent on finding a more appropriate balance between the private and the public sectors, on increasing competitiveness and the gains from trade, and on making fuller use of the potential of market forces and private initiative, both domestic and foreign.

208. Good national management and good international management were viewed as being not only essential, but also closely linked. Thus, for instance, external financial support to developing countries and to the countries of Central and Eastern Europe was seen as a complement to, and not as a substitute for, good domestic policies; it was also viewed as necessary for the success of domestic efforts to revive and sustain growth. He observed, moreover, that a widespread shift towards export orientation could be frustrated if external markets were not sufficiently accessible.

209. Within the consensus of these critical points, there were many differences of emphasis or nuance. Unresolved issues included the extent and nature of UNCTAD's role on the problems of the international monetary, financial and trading systems; the appropriate pace of reforms, especially in economies in transition; the adequacy of domestic reform efforts in all countries, and the role of factors such as military expenditure, corruption and other forms of waste; the symmetry of the adjustment efforts under way; the link between efficient economic management and the nature of the political system; factors determining the flow of direct foreign investment; and the balance to be sought in the Uruguay Round. These issues would no doubt be debated at length in connection with UNCTAD VIII. Complete unanimity on them might be neither feasible nor perhaps even necessary. However, movement in that direction would be needed for the success of UNCTAD VIII. He was confident that, if the consensus that existed on the principal questions was kept in mind, such movement would be forthcoming.

210. The Secretary-General of UNCTAD, referring to the debate on interdependence. noted that observations had been made regarding the work of the secretariat, or rather alleged omissions in that work. It had been

claimed for example that UNCTAD had failed to take account of the damage inflicted on developing countries by policies to protect agricultural production in developed countries; that the secretariat paid no attention to the historical experience of developed countries and of fast-growing developing countries; that policies to attract foreign and domestic private investment were neglected; that UNCTAD had focused mainly on external factors as the principal cause of the misfortunes of the developing countries. Other questions raised included the appropriate roles of the private and public sectors, and the importance of competitiveness, as well as the matter of barriers to trade between developing countries themselves. However, the fundamental mandate of UNCTAD, the resolutions adopted in recent years by the General Assembly and by UNCTAD's own bodies, a wealth of secretariat documentation - in particular recent issues of the Trade and Development Report - and the technical cooperation activities of UNCTAD all attested to the fact that the secretariat was actively engaged in each of the above-mentioned areas of work. With regard to the experience of fast-growing developing countries in particular, the secretariat would not presume to call on other developing countries to mimic the Republic of Korea, any more than it would urge developed countries seeking to overcome their current recessionary problems to mimic Japan. What the secretariat did do was to present comparative analyses of specific development experiences in particular areas in the hope of enabling countries to choose which lessons to take on board as their circumstances warranted.

211. This being said, it was encouraging to note that UNCTAD was being called upon to speak out firmly against the negative developments in international economic relations rather than to keep silent. It was his hope that the studies carried out by the secretariat would receive due attention from Governments. It would be helpful if countries anxious to prevent a marginalization of UNCTAD would, among other things, recognize the breadth of material before the Board and engage in substantive discussion of the international and domestic policy issues raised therein.

212. He added that the technical assistance activities of UNCTAD dealt with a number of issues that were of concern to delegations. Through these activities, the secretariat was actively helping many developing countries to reform domestic policies, mobilize domestic resources and strengthen the domestic framework for competition. He cited in particular studies or programmes on service industries, national trade policies, and the improved efficiency of State-owned enterprises, through either privatization or other means.

213. Regarding the studies and similar work he had referred to, he emphasized that these were not ends in themselves: the secretariat's objective was always to translate the findings and conclusions into action at the country level. Such activities required extrabudgetary financing, however, and he therefore assumed that all those delegations that had urged the secretariat to devote more attention to national policy-making and management would respond positively to requests for such funds.

214. While the secretariat welcomed all constructive criticism, such criticism was more helpful when it took account of the work that the secretariat was actually carrying forward. It was less helpful if the secretariat was

castigated for not doing work that it had in fact been pursuing. Furthermore, in making proposals for and executing work programmes, the secretariat was guided by decisions reached jointly by member States. The secretariat did pay serious attention to suggestions and observations by individual delegations and groups, but - especially where contradictory views were expressed - these could not be substitutes for collective guidance.

215. Turning to the institutional questions raised during the debate on interdependence and on preparations for UNCTAD VIII, he noted that all the interventions converged on the need to strengthen UNCTAD and to maintain it as the centre of international economic cooperation for development. It was generally felt that UNCTAD VIII offered a timely opportunity to pursue these objectives in the light of its comprehensive agenda. Even so, revitalizing and adapting the institution to changes in the international political and economic environment must be a continuing rather than a spasmodic process and must be pursued through all the components of UNCTAD, rather than confined to sessions of the Conference. While some of the statements showed an understandable impatience at the pace of adaptation and at the perceived rigidities in the institution's methods of work, it was important to maintain a sense of perspective. In recent years UNCTAD had demonstrated a capacity, remarkable within the economic and social sectors of the United Nations, for adaptation to new realities, as had been recognized in the Declaration on the Twenty-Fifth Anniversary of UNCTAD adopted by the Board in November 1989. In the matter of organizational effectiveness, new approaches had been developed to the agenda and conduct of conferences, and reforms had been introduced in the functioning of the Board and its subsidiary bodies which had led to a strengthening of the substantive dialogue and of consensus-building. These reforms had also resulted in a sizeable reduction in the overall number of meetings and a considerable streamlining of agendas. Moreover, the new review process for work programmes had proved to be an important instrument for the continuing adaptation of substantive activities. Then again, the volume of documentation had been similarly reduced and, judging by the comments of delegations and groups, its quality had greatly improved.

216. A far-reaching reorganization of the secretariat's internal structures had been carried out after UNCTAD VII, the main objective of which had been to focus the substantive work of the secretariat more sharply on the priority areas in UNCTAD's mandate and to improve the secretariat's capacity to manage change. The reorganization exercise, which had been in advance of other parts of the economic and social sectors of the United Nations, had greatly helped the secretariat in the very difficult task of adapting to the subsequent cut-backs in resources, despite an expanding work programme. The UNCTAD secretariat has also been active in efforts to reverse the increasing fragmentation of the economic and social sectors of the United Nations during the past decade, and in his most recent report on the reform of these economic and social sectors, the United Nations Secretary-General had recognized that issues relating to trade, investment and technology needed to receive integrated treatment and he had pointed to UNCTAD as the focal point around which the relevant activities of various United Nations bodies dealing with these issues could be integrated.

217. It was against this background that the recent and welcome surge of interest in the revitalization of UNCTAD should be pursued. The issues involved could be summarized as follows: first, how to define the future role of UNCTAD, within the context of General Assembly resolution 1995 (XIX) and other relevant texts; secondly, how to adapt the work of UNCTAD at all levels to the requirements of the changing environment; and thirdly, how to improve the effectiveness of UNCTAD in carrying out its work.

218. With regard to the first issue, namely defining the future role of UNCTAD, the relevant texts adopted by the General Assembly and in UNCTAD - in particular General Assembly resolution 32/197 and the Declaration on the Twenty-Fifth Anniversary of UNCTAD - showed that there was little disagreement about the role of UNCTAD. Under the authority of the relevant intergovernmental bodies the secretariat was responsible for (a) research, policy analysis and conceptual innovation; and (b) technical cooperation. At the intergovernmental level, the role of UNCTAD included (a) intergovernmental deliberation, policy formulation, harmonization and coordination, and negotiation; and (b) review, implementation, and follow-up. He recalled that when UNCTAD had been established in 1964 there had been the customary references to the functions of other international organizations and to the need to avoid duplication. But there had been no compensatory adjustment of existing mandates or any attempt to build organic links among the institutions. For this reason, subsequent consideration of the institutional evolution of UNCTAD had been perceived by many as an exercise either in extending UNCTAD's institutional frontiers or in defending those of other institutions. It was inevitable that in a functionally decentralized system of international organizations, each organization should address aspects of an indivisible development problématique from its own particular standpoint. It would of course be inadmissible for an organization to usurp the decision or rule-making authority of another. Nevertheless, under General Assembly resolution 1995 (XIX) it was perfectly legitimate for UNCTAD to discuss, to address recommendations and to generate political impulses on matters within its purview for consideration by other institutions vested with the necessary powers of decision or rule-making. The role of UNCTAD was not of course confined to addressing recommendations and political impulses to such institutions. Even more frequently, it involved making recommendations to Governments for implementation, which might need to be monitored by UNCTAD, or decisions which might need to be implemented or followed up in UNCTAD itself. Finally UNCTAD, as an integral part of the United Nations, could not be insulated from the evolution of the Organization as a whole, in particular the process launched by the General Assembly on the reform of United Nations in the economic, social and related fields.

219. On the second issue, namely that of adapting the work of UNCTAD to substantive needs, the most important factor had to do with the implications of changes in the international, political and economic environment. Appropriate lessons for the thrust of future work could be drawn from the growing consensus that national policies, including good management, were in general no less important than external factors; and from the increasing convergence in approaches to economic and social organization and in perceptions of development policies. He outlined a number of other factors affecting the world economy which might also call for reorientation or intensification of particular activities on the substantive agenda of UNCTAD.

They were all cross-sectoral issues for the treatment of which UNCTAD was especially fitted, given its development focus on the interrelationships of a wide range of issues. They were also matters that affected national policies and which therefore required a high level of political involvement. This being so, the time might now have come to give renewed consideration to the possibility envisaged in Conference resolution 90 (IV) of biennial Ministerial meetings of the Board to review such issues on the basis of careful preparation.

220. Finally on the third issue, namely the improvement of organizational effectiveness, he said that this could involve a review of the intergovernmental machinery of UNCTAD, including the terms of reference, as well as the work programme of the subsidiary bodies of the Board, depending on the decisions that might be taken on the questions raised above. Several other possibilities could be explored. For example, delegations and groups could enhance their substantive preparations for meetings through closer interaction with the secretariat, maintained through informal briefings and consultations. Methods of work could be streamlined by, for example, granting greater discretion to the Secretary-General within agreed guidelines for the setting of agendas, as well as greater scope for taking initiatives. Furthermore, the outcome of negotiations need not always take the form of resolutions. Agreed conclusions, or a summing-up by the presiding officer, could be more appropriate where the issues were new or difficult, requiring further exploration and the building of common perceptions. Likewise, he felt that some of the perceived rigidities of the regional group system could be attenuated by complementary mechanisms, such as ad hoc issue-oriented groupings, better arrangements to facilitate cross-group communications, and greater recourse to consultations arranged by the Secretary-General of UNCTAD and involving interested delegations. In addition, ways could be explored to bring specific national perspectives and interests to bear more effectively on debates and negotiations in order to forge more durable solutions. This might include the involvement of non-governmental actors such as enterprises, trade unions, non-governmental organizations, research and academic institutions and experts.

221. As for the secretariat structures, further modifications might be required. In any event, the analytical capacities of the secretariat would have to be enhanced in order to handle many of the expanded work reorientations discussed above. So far as technical cooperation was concerned, an expansion of activities corresponding to the substantive reorientations would be highly desirable, it being understood that this depended on the availability of extrabudgetary resources.

Chapter II

UNCTAD'S CONTRIBUTION, WITHIN ITS MANDATE, TO SUSTAINABLE DEVELOPMENT (BOARD DECISION 384 (XXXVII))

(Agenda item 4)

222. For its consideration of this item, the Board had before it the following documentation:

"Policies and mechanisms for achieving sustainable development: report by the UNCTAD secretariat" (TD/B/1304);

"Environment and international trade: report of the Secretary-General of UNCTAD" (A/CONF.151/PC/48) (background documentation).

Consideration in Sessional Committee I

223. Introducing the item, the Director and Coordinator of the Resources for Development Programmes reported on action taken hitherto on the implementation of Board decision 384 (XXXVII) regarding UNCTAD'S contribution, within its mandate, to sustainable development. Following the deliberations held at the most recent session of the Committee on Commodities in pursuance of that decision, the secretariat was preparing four parallel studies covering agriculture, forestry, fisheries and minerals, which would review how market conditions affected the utilization of resources and consequently the environment. The secretariat was also carrying out research on ways of incorporating the environmental dimension into trade policy objectives in commodity-exporting developing countries, and a programme was being developed to promote the use of renewable agricultural commodities produced principally in developing countries and presenting environmental advantages. A number of initiatives were also under way within the secretariat with a view to integrating the concept of sustainable development into the secretariat's work. Resort was being made to outside experts in these activities. He provided information on collaboration between UNCTAD and UNCED, including a report prepared by the UNCTAD secretariat on environment and international trade (A/CONF.151/PC/48) pursuant to General Assembly resolution 45/210. As regards UNCTAD's Trade Control Measures Information System, informal discussions were being held with government officials with a view to clarifying problems of definition and methodology. Finally, the study prepared by the secretariat pursuant to Board decision 384 (XXXVII) (TD/B/1304) should be regarded as a first step in exploring the issues raised therein. In this connection, he stressed that efforts made by the secretariat to comply with the requests contained in Board decision 384 (XXXVII) were seriously constrained by lack of resources, a problem which required urgent attention.

224. The spokesman for the Group of 77 (Malaysia) said that the leading issues in trade and development were changing in the light of the evolving concern for sustainable and environmentally sound development. In discussions on the issue of environmental protection within the context of sustainable development, the question of trade liberalization and market access also needed to be tackled. The linkage between the two issues could be positive on

condition that liberalization provided substantially improved market access and terms of trade for developing countries. He expressed concern with what he considered increasing resort to trade-restrictive measures against developing countries' exports on environmental grounds, and added that such a practice was neither an objective nor an efficient means of ensuring environmental protection. He also pointed out that environment-related trade measures should be examined in a democratic, transparent and equitable process of international consensus building, a task for which UNCTAD was well equipped.

225. In its decision 384 (XXXVII), the Board had invited UNCTAD to prepare an analysis of the issue of sustainable development, with particular attention to the interrelationship between that issue and poverty reduction. He commended the report prepared by the UNCTAD secretariat (TD/B/1304) as a first response which should be complemented by studies on other sectors, preferably including mining and services. His Group agreed that the solution to environmental problems which arose within particular sectors must be sought beyond sectoral boundaries, and that poverty alleviation was a *sine qua non* for reducing pressures on the environment. His Group further agreed with the assertion that in attaining the objective of sustainable development, a mix of policies and mechanisms was indispensable. As regards the precautionary principle, he indicated that, although relevant, it should not be over-emphasized and that it should take into account the level of development of States and societies. Finally, his Group agreed with the conclusions contained in paragraphs 97 and 98 of the report.

226. The spokesperson for Group B (Norway) said that sustainable development introduced a new dimension which gave further impetus to UNCTAD's work on interdependence, and environmental and developmental concerns should be examined in relation to each individual item of the agenda for UNCTAD VIII. A study could be carried out on how existing financial mechanisms for global environmental problems could be used more effectively and on how resources for the achievement of sustainable development might best be mobilized. Good management, which was also on the agenda for UNCTAD VIII, was not less relevant in the context of sustainable development. Group B agreed with the view expressed in document TD/B/1304 that long-term development issues could not be tackled effectively without addressing the questions of lack of resources, i.e. poverty, over-utilization of resources, and sustainable management of resources.

227. She was gratified to note the progress made since the adoption of Board decision 384 (XXXVII), as reflected in the number of studies initiated or to be initiated by UNCTAD. She commended the document presented by the UNCTAD secretariat to the third Preparatory Committee of the United Nations Conference on Environment and Development, held in August 1991, and regretted that time constraints had not permitted on that occasion a thorough discussion of the issues covered by the document. Group B was also looking forward to the study being prepared by the UNCTAD secretariat regarding economic instruments in the field of carbon emissions. Although the issue of trade and environment was the primary responsibility of GATT, further contributions from UNCTAD would be useful, *inter alia*, through information from the enlarged database on trade control measures (TCMIS).

228. She welcomed the study contained in document TD/B/1304, which was to be considered as a first response to Board decision 384 (XXXVII). The selection of transport as a sector of analysis was appropriate, and other sensitive sectors could be studied at a later stage. Group B agreed that solutions to environmental problems in any sector must take into account considerations beyond sectoral boundaries. It also acknowledged that, as highlighted in the UNCTAD study, there might be limits to the applicability of policy instruments such as the polluter pays principle and the user pays principle, but the main objective at this stage was to start their implementation. UNCTAD should draw upon the extensive work which was under way in other relevant fora such as UNCED and OECD on these matters.

229. One important issue concerned urban transport needs. Control of population growth would be an essential element of any solution to that problem. More generally, in achieving economic growth, market mechanisms had to be complemented by different incentives or possibly by regulations. Raising people's awareness of environmental risks was also important. Finally, she indicated that a mutually acceptable, rules-based international trading system was the optimal way of ensuring a balance as regards the interests of different countries.

230. The representative of the Netherlands, speaking on behalf of the European Community and its member States, said she expected that the issue of sustainable development would be the subject of substantive discussions at UNCTAD VIII. While document TD/B/1304 remained somewhat theoretical, it offered a framework for analysis. The focus on poverty was limited, and the conclusions on the transport sector were general, but the basic thrust, namely that the policy mix adopted depended on the initial situation in each country, was acceptable to the European Community.

231. It must be made clear that sustainable development was to be achieved at the national level through macro-economic policies, while the international community should support the creation of a favourable economic environment, in connection with which the successful conclusion of the Uruguay Round of GATT could play an important role.

232. The market system constituted an appropriate means of ensuring sustainable development, but market deficiencies must be addressed, in particular by internalizing social and environmental costs, by putting in place policies aimed at achieving environmentally sound production and consumption, and by ensuring the equity required for sustainable development through national measures and new financial flows to developing countries. She endorsed the principle that trade measures taken on environmental grounds should be non-discriminatory, and considered that the proportionality and the precautionary principles should be applied. Technology cooperation was also at the core of the problem, an endeavour in which commercial transactions had to be complemented by Government action aimed at enhancing the transfer of environmentally sound technologies and in discouraging the export of technologies that did not contribute to sustainable development. Sustainable development further required additional resource mobilization, an objective towards which developed and developing countries could work in partnership.

To avoid the proliferation of institutions, the Global Environment Facility could grow into the central multilateral sourcing fund which was required for international resource mobilization.

233. The representative of Finland, speaking on behalf of the Nordic countries, emphasized that the inclusion of the concept of sustainable development in the work of UNCTAD would be of great benefit to all countries. International commodity organizations provided a good framework for addressing practical problems of sustainable development, and the second account of the Common Fund - when fully operational - could be used for financing purposes in this regard. Document TD/B/1304 constituted a valuable contribution, drawing attention, inter alia, to the limitations of the market in dealing with sustainable development.

234. The United Nations Conference on Environment and Development would provide the starting point for a strengthened partnership between developed and developing countries for sustainable development. UNCTAD's document on "Environment and international trade" (A/CONF.151/PC/48) was a useful contribution to the UNCED process. The document indicated that it would take time for developing countries to adjust to changes and adopt new management practices, while at the same time highlighting the fact that environmental policies were generating new opportunities and spin-off effects in developing countries.

235. He stressed the importance that the Nordic countries and their EFTA partners attached to the discussion in GATT of the interrelationship between trade and environment. He recalled that UNCTAD, in cooperation with the Government of Norway, had organized a seminar, held in Oslo in February 1991, on "International Trade and the Environment", which had identified possible areas of work for UNCTAD. The seminar had been a brainstorming event and provided valuable inputs in particular to the preparations for UNCTAD VIII. The Nordic countries were convinced that sustainable development should be treated as a central cross-sectoral theme at the Conference.

236. Finally, he stressed that the Nordic countries were conscious that the international community must show commitment in mobilizing additional financial resources to ensure sustainable development. At the same time, however, developing countries needed to pay attention to this issue and its financing in their own development planning.

237. The representative of China emphasized that the production and consumption patterns of developed countries constituted the main reason for the degradation of the world environment. It was therefore only natural that these countries should carry proportionately greater responsibility for environmental control, in particular by adopting appropriate policy measures and by assisting developing countries in these endeavours. As regards developing countries, while they ought to formulate appropriate objectives, strategies and policy measures, the elimination of poverty and the promotion of development, including through South-South cooperation, was the only path conducive to sustainable development. Many developing countries, facing a heavy debt burden, export earnings shortfalls and lack of financial resources, did not have the resources necessary for the protection and improvement of the environment, hence the need for the international community to provide debt

relief and financial resources additional to those granted for development purposes. Likewise, the developed countries should adopt measures to transfer environmentally sound technologies to developing countries on a favourable and non-commercial basis, and help the latter to strengthen their indigenous capabilities in this regard.

238. In the field of environment and trade, environmental standards, whether uniform or differentiated, should take into account the specific conditions and difficulties faced by developing countries. He warned against new protectionist measures affecting the exports of developing countries and taken on the pretext of environmental protection. As regards commodities, the market had not been able to reflect the costs and benefits relating to environmental considerations, and the decline of commodity prices over a long period had obliged developing countries to intensify production and exports, a phenomenon which resulted in environmental degradation and in the depletion of natural resources needed by future generations. He thus called for a reverse of declining commodity prices, particularly through international commodity agreements, taking into account factors relating to sustainable development.

239. The studies conducted by the UNCTAD secretariat represented useful inputs to the work of the Board, UNCTAD VIII and the 1992 Conference on Environment and Development. He commended the secretariat's updating of the database on non-tariff trade measures in the light of the concern for sustainable development, and he called upon the UNCTAD secretariat to provide technical assistance to developing countries in regard to environmental management, as well as in international negotiations concerning sustainable development. He further called for the strengthening of UNCTAD's work in this area and indicated that adequate support should be granted by the international community.

240. The representative of Ecuador reiterated the support of his country for UNCTAD's work on sustainable development. In that connection, while it was important for the environmental dimension to be added to UNCTAD's work, it was necessary also to incorporate the development dimension in the work of organizations dealing with environmental issues.

241. Developed countries had a major responsiblity to assume in the repair of environmental deterioration. However, environmental concerns should not give way to a new conditionality in development financing, as poverty was often the basic cause of environmental degradation in developing countries. A clear definition of sustainable development and its implications was necessary, as it might be necessary to devise a development model different from that corresponding to the consumer society, an implication which presupposed the right of every State to formulate its own policies on resource management.

242. He further stressed that the unfavourable international economic environment, with the heavy debt burden that resulted therefrom, had adverse consequences on the capacity of developing countries to implement sound environmental management. Developed countries needed, therefore, to provide cooperation aimed at securing sufficient additional financial resources for environmental protection projects in developing countries, as well as the

transfer of appropriate technology on non-commercial terms. He recalled that environmental degradation in developing countries was closely linked to poverty.

243. The representative of Belarus, speaking also on behalf of the USSR and Ukraine, said that considerable progress had been made by UNCTAD in its work on sustainable development and that UNCTAD's activities in this new area should be further expanded in coordination with other international organizations, both within the United Nations system and beyond it. In his view, the documents prepared by the secretariat in response to Trade and Development Board decision 384 (XXXVII) and General Assembly resolution 45/210 were of high quality and could serve as a good basis for UNCTAD's future activities on sustainable development, not only in the context of preparations for UNCTAD VIII and UNCED but also in the longer term.

244. The incorporation of the concept of sustainable development into the work of different intergovernmental bodies of UNCTAD and into different programmes of the secretariat would enrich the activities concerned, as had been clearly shown with regard to commodities and the international trade problematique. Other main committees of UNCTAD, e.g. the Committee on Transfer of Technology, should follow this pattern.

245. Regarding studies to be prepared by the secretariat of UNCTAD, those studies should also cover such issues as the potential threat of the use of environmental protectionism and of trade sanctions and other discriminatory measures in order to induce some countries to join international environment conventions; the need to assure a broad exchange of environmentally sound technologies among all interested countries; environmentally sustainable utilization of natural resources; and the effects of environmental protection on commodity markets. It would also be desirable for new studies carried out by the secretariat to be more universal in nature and take into account the interests of all groups of countries.

246. The representative of Algeria said that the concept of sustainable development opened up new possibilities for invigorated multilateral cooperation for development and was already taking the form of a new ethic which, emerging at the end of ideological confrontation, was likely to become the mobilizing theme in the decades ahead. She underlined that the responsibility of developed countries in ensuring a global ecological balance was greater than that of developing countries.

247. The main challenge that was to be faced lay in the formulation of principles and mechanisms which would foster sustainable development while taking into account the technological gap which existed between North and South. She anticipated a leap forward in resource-saving industries and technologies, an issue which should be looked at closely by the international community so as to avoid any undue "tyranny" on the part of industrial and technological lobbies.

248. When trying to incorporate sustainable development into their national policies, developing countries faced a number of real problems: the debt burden, which required appropriate relief measures; the technological gap, which needed to be bridged by the transfer of technology on favourable and

non-commercial terms; the risk of protectionist measures taken on environmental grounds, which should be overcome by taking into account the level of development and the need to pursue the comparative advantage of developing countries; and the crisis of world commodity markets, to which a solution needed to be found. Additional resources for the implementation of national environmental policies were necessary. All these considerations called for a relaunching of the North-South dialogue in the light of the new ethic that sustainable development entailed.

249. UNCTAD could contribute to ensuring the consensus necessary within the international community, and the proposals put forward in document A/CONF.151/PC/48 provided an acceptable basis for the formulation of a work programme for UNCTAD. The ensemble of studies prepared by the secretariat provided useful inputs both for UNCTAD VIII and for the 1992 Conference on Environment and Development, and that work should continue and be complemented by relevant technical assistance.

250. The representative of Austria said that the adoption of Board decision 384 (XXXVII) on UNCTAD's contribution to sustainable development was one of the essential achievements since UNCTAD VII. That decision had established the preconditions for the systematic incorporation of the concept of sustainable development into UNCTAD's work. It had thus become possible to take better account of the environmental dimension in the developmental dialogue in UNCTAD, and that was especially welcome in connection with UNCTAD's contribution to the preparatory process for UNCED.

251. In its future work, UNCTAD should pay special attention to the possibilities of the market in contributing to environmentally sound development. In document TD/B/1304, while the section on market-based incentives to avoid pollution was interesting, a more detailed analysis of these instruments and their applicability would be of great use. She agreed with the secretariat's view on the important role which information and environmentally sound technologies had to play in promoting sustainable development.

252. She also welcomed the secretariat's choice of the transport sector for its first analysis of the interface of the reduction of poverty with policies and mechanisms in environmentally sensitive sectors as requested by decision 384 (XXXVII). In her view, the central problem in this respect concerned the question as to how developing countries could promote their economic growth without damaging their environmental resources through increased transport. In that connection, document TD/B/1304 was correct in stating that the pattern of transport development in developed countries should be regarded in many respects as a model to be avoided rather than a model to be copied.

253. The representative of Tunisia expressed satisfaction over the growing awareness on the part of the international community of the alarming ecological situation of the planet. He was hopeful that the 1992 United Nations Conference on Environment and Development would establish the basis for a concerted multi-dimensional and planned action on sustainable development. The threat to the ecological environment of developing countries arose particularly from deforestation, desertification and global warming, but

the damage caused by developed countries was often more devastating and, above all, less justifiable than that produced by developing countries, which was essentially poverty-induced. Developed countries should therefore fight against poverty in the South as a means of preventing further ecological degradation, and that fight could not be divorced from action to ensure fair and remunerative prices for the commodities purchased in developing countries. To summarize, the problem of the environment could not be separated from that of the development of developing countries. In that connection, the Secretary-General of UNCTAD, speaking in Lusaka on 19 September 1991, had said that sustainable development was essentially linked to the eradication of poverty in developing countries and to the rationalization of consumption and growth in the developed world.

254. He expressed appreciation for UNCTAD's document TD/B/1304, and called on UNCTAD to tackle the following questions in its future work: the transfer of modern technology to developing countries and its effect on environmental preservation; and the link between more equitable remuneration for commodity exports from developing countries and environmental conservation.

255. The development problems of the African continent were not different in nature from those of other regions, but they were more acute, in particular as regards desertification, deforestation and demographic growth. In Africa, therefore, perhaps more than anywhere else, sustainable development meant the fight against poverty, hence the need for a supplementary solidarity effort on the part of the international community towards Africa, notably through the transfer of new additional and concessional financial resources.

256. The representative of Switzerland, referring to document TD/B/1304, stressed the complexity of the interlinkages between international trade, environment and development. Due to the transboundary nature of pollution and the growing integration of the world economy, purely national policies tended to lose their effectiveness, and international cooperation took on new importance. Given the disparities in wealth between countries, such cooperation must be based on burden-sharing, whereby all States must contribute to sustainable development in accordance with their possibilities.

257. International trade had a central role to play, since no country could develop in isolation, and to that end the problems of deteriorating terms of exchange, market access and debt must be tackled. However, trade liberalization and protection of the environment must go hand in hand, and he called for more determination in the application of the polluter pays principle and in internalization of external costs.

258. Efforts to tackle environmental, trade and development issues must be more closely concerted within a multilateral framework, and the EFTA countries had taken an initiative in GATT in that connection, the goal being an open multilateral and contractual trade system.

259. As regards international aspects of environmental policies, he confirmed his country's attachment to a number of fundamental principles, such as non-discrimination, proportionality, legitimacy, transparency, and the right to recourse against administrative decisions. Application of these principles within the context of environment protection deserved further study. Under no

circumstances should protection of the environment serve as a pretext for protectionism or lead to unjustified obstacles to trade. As far as the legitimate concerns of developing countries were concerned, Switzerland was ready to help them ensure that the development dimension was not neglected in environment-related action.

260. The representative of Kenya said that sustainable development should be human-centred, and that the most essential requirement in this respect related to the alleviation of poverty. In this regard, the two major categories of problems faced by developing countries were those related to meeting basic needs and those related to international trade.

261. As regards international trade, it was necessary to adopt strategies aimed at improving terms of trade, granting market access and providing debt relief for developing countries. There was, moreover, a need to formulate policies aimed at reshaping the direction of technological innovation, as well as the flow of benefits derived from such innovation. The access of developing countries to environmentally sound technologies, which would enable them to diversify their economic activities, had to be ensured, and it was also necessary to mobilize resources for research and development in the field of appropriate technologies for the developing countries. She called for a deliberate move towards massive capacity building in the developing countries, and she invited the secretariat to continue its work on this issue.

262. The representative of Brazil, speaking also on behalf of Argentina, said that the outcome of the 1992 United Nations Conference on Environment and Development should reflect the appropriate integration of the environmental dimension into the development process. The specific needs of developing countries, particularly as regards technology, financial resources and market access, ought to be taken into account in any global regimes aimed at environmental preservation. The 1992 Rio Conference provided, in her view, a sound opportunity for demonstrating that the multilateral option was the best, or rather the only, manner in which to deal with pressing global environmental issues.

263. She commended the report contained in document TD/B/1304 and expressed the hope that the secretariat would continue to cover the sectors other than that of transport referred to in the mandate given to it. She endorsed the report's conclusion that the market per se did not automatically ensure environmental protection, hence the need for specific relevant policies. She added, however, that artificial distortions imposed on the market by protectionist and support measures, particularly in the agricultural sector in OECD countries, were leading to inefficient production, as well as to environmental degradation in OECD countries and in developing countries affected by these policies. She urged the secretariat to pursue its analysis of the consequences of these policies in the various sectors.

Action by Sessional Committee I

264. At its 3rd meeting, on 30 September 1991, Sessional Committee I took note of the UNCTAD secretariat's report on "Policies and mechanisms for achieving sustainable development" (TD/B/1304).

265. At the same meeting, the spokesperson for Group B (Norway) introduced draft resolution TD/B(XXXVIII)/SC.1/L.2 on behalf of the States members of Group B.

266. At the 4th (closing) meeting, on 4 October 1991, the Chairman introduced draft resolution TD/B(XXXVIII)/SC.1/L.3, entitled "UNCTAD's contribution, within its mandate, to sustainable development".

267. At the same meeting, Sessional Committee I approved draft resolution TD/B(XXXVIII)/SC.1/L.3 and recommended it for adoption by the Board.

268. Draft resolution TD/B(XXXVIII)/SC.1/L.2 was consequently withdrawn by its sponsors.

Action by the Board

269. At its 797th (closing) meeting, on 4 October 1991, the Trade and Development Board adopted draft resolution TD/B(XXXVIII)/SC.1/L.3 without dissent. (For the text, see part I above, resolution 393 (XXXVIII).)

270. At the same meeting, the Board took note of the report by the UNCTAD secretariat on "Policies and mechanisms for achieving sustainable development" (TD/B/1304).

271. The representative of the United States of America observed that paragraph 7 of the resolution on sustainable development treated, *inter alia*, the topic of transfer of technology and the role of such transfers in promoting sustainable development. In his own free market-economy country, the creators and owners of technology were usually private individuals or firms. Domestic and international sales of such privately owned technology were, of necessity, on mutually agreed commercial terms.

Chapter III

ASSISTANCE TO THE PALESTINIAN PEOPLE
(CONFERENCE RESOLUTIONS 146 (VI) AND 169 (VII))

(Agenda item 5)

272. For its consideration of this item, the Board had before it the following documentation:

"Recent economic developments in the occupied Palestinian territory: report by the UNCTAD secretariat" (TD/B/1305).

Consideration in Sessional Committee I

273. The Chief of the Special Economic Unit, introducing the item, said that the Palestinian economy had had to contend, well into 1991, with the longstanding constraints of occupation, coupled with new pressures and challenges. The economic impact of the Middle East crisis, which had erupted in 1990, had acquired alarming proportions for the Palestinian people, and resulting losses incurred in 1990 alone had amounted to at least US$ 250 million, or 10 per cent of the Palestinian national income. New restrictions imposed by the occupation authorities in conjunction with the Middle East crisis had further aggravated an already precarious situation, and losses sustained as a result of those measures up to April 1991 were estimated at another US$ 250 million.

274. He specifically drew attention to the reduction in the number of Palestinians permitted to work in Israel. Coming at a time when the Palestinian economy was confronted with strong external pressures, the new entry system had added to massive Palestinian unemployment. An equally disturbing factor was the growing momentum of the occupation authorities' drive to establish and expand their settlements in the Gaza Strip and the West Bank, including East Jerusalem.

275. He emphasized that continuation of the present unfavourable trends would have far-reaching consequences for the economic and social situation of the Palestinian people. He recognized that the Israeli authorities had recently reconsidered their policy towards the Palestinian economy, and some of the most restrictive measures had been eased. However, comprehensive and far-reaching reform in economic policy and management remained imperative. The role played by the international community, and in particular the United Nations system, had been instrumental in assisting the Palestinian people in their recent preoccupation with the development of their economy. In this connection, he drew attention to the intersectoral study embarked upon by the UNCTAD secretariat, which aimed at providing a substantive framework for concerted action by all concerned.

276. The representative of Palestine noted the increasing duties of the Special Economic Unit in the UNCTAD secretariat and said he hoped to see the Unit strengthened by the addition of a researcher to work on the economics of peace. He was grateful to the Secretary-General of UNCTAD for his assistance to the Palestinian people and in particular for the quality of work of the

Special Economic Unit, including its present report (TD/B/1305). He looked forward to the completion of other elements of its work programme, especially the intersectoral study on the national economy of Palestine, and he requested that the involvement of IMF and IBRD be sought in the study's finalization. He thanked UNCTAD for its ongoing consultation with Palestine regarding the study and all aspects of its assistance to the Palestinian people in compliance with relevant Conference, Board and General Assembly resolutions.

277. The secretariat report (TD/B/1305) contained a number of errors in respect of some critical words in the Arabic language translation, which he hoped would be rectified. The report indicated the continued deterioration of the Palestinian national economy as a result of the Israeli occupation, further aggravated by the repercussions of the Gulf crisis and accelerated Israeli colonial settlement activity. Israel had been innovative in concealing its methods of control of the Palestinian people and their economy, taking advantage of world preoccupation with the Gulf crisis to intensify its repression. Though Israel had no official borders, during the Gulf war it had in effect drawn a border by stationing its troops around the occupied Palestinian territory and its unarmed civilian population, which was thus sealed off from the rest of the world. These measures had interrupted Palestinian external trade and the movement of workers to their jobs, while the confiscation of land, the exploitation of water resources, the destruction of homes and crops and other Israeli crimes proved to be powerful ingredients in the determination of the Palestinian people to continue their intifada until attaining their freedom and exercising their national rights.

278. The Palestinian national economy had been adversely affected by the Gulf crisis owing to the suspension of some financial support to the Palestinian people through the Palestine Liberation Organization, the fall in remittances from Palestinians and other losses arising from the slowdown in economic activity. Little compensation had been forthcoming until now, but he expressed gratitude to the few countries and bodies that had, so far, provided aid. He noted the arrival in Israel of thousands of Jewish immigrants from the Soviet Union, Ethiopia and elsewhere, most of whom were being exploited by Israel to expand its settlement programme in the occupied territory.

279. Though the Palestinian people had had nothing to do with the First and Second World Wars, both wars had culminated in unfortunate results for the Palestinian people, through the Balfour Declaration of 1917 and the establishment of Israel in 1948. With the end of the cold war, he wondered if his people were destined to be, once more, the victims. He urged all concerned to exert pressure on the occupying power, Israel, through suspension of economic, human, political and other forms of support, at least until it ceased to be an occupier. Israel's intransigence was a major obstacle to the establishment of a new world order.

280. In conclusion, he noted that, despite its rejection of the PLO, Israel was impatiently awaiting the outcome of the deliberations of the Palestine National Council. This underlined that the PLO and nobody else was the representative of the Palestinian people and should therefore participate in all peace efforts, including the peace conference. He wondered why the PLO was considered representative of the Palestinian people when it was required to make concessions, but not when it came to demanding the national rights of

the Palestinian people. The latter had done more than their share for a just peace based on international legality, the interpretation of which should not be the subject of equivocation. Those concerned should make sure Israel did the same.

281. The representative of Algeria underlined the depth and balance of the analysis in the secretariat's report (TD/B/1305) and the seriousness of the information contained therein. The report pointed to an unprecedented aggravation of the vulnerability of the economy in the occupied territory under the twin pressures of occupation and mechanisms which stifled development, including continued colonization of the occupied territory, massive Jewish immigration, proliferation of measures restricting Palestinian employment, damage to natural resources, demolition of Palestinian homes and imposition of curfews under various pretexts. These reflected the catastrophic situation of a people subjected to an occupation which denied all possibilities of economic improvement. This situation was further complicated by the consequences of the Gulf war, through a reduction of remittances to the occupied territory, pressures on the labour market and interruption of aid. However, special mention should be made of the effort of the European Economic Community, which had made the sum of $100 million available to help compensate the total of $500 million lost as a result of the regional crisis.

282. An examination of the secretariat report underlined the damage to the agricultural sector as a result of repeated curfews. All spheres of economic activity were paralysed as a consequence of a military occupation determined to stifle all spirit of enterprise. At a time when interdependence had acquired a special importance in the world economy, the international community could not turn a blind eye to what was happening in the occupied Palestinian territory.

283. Her delegation considered it urgent that an end be put to the Zionist regime's policy of colonization, the expropriation of land and spoilage of natural resources of the occupied territory, so as to guarantee a revival of economic activity there. The development of the Palestinian economy could not be realized except through recognition of the inalienable rights of the Palestinian people in accordance with relevant United Nations resolutions. No effort should be spared by the international community in working towards a just and lasting solution of the Palestinian problem.

284. She concluded by paying tribute to UNCTAD, and in particular the Special Economic Unit, for the studies it had produced, and she urgently appealed to the international community to sustain its much-needed support and assistance to the Palestinian people.

285. The representative of Egypt said that the secretariat's report (TD/B/1305) contained detailed information and a useful analysis of the deteriorating economic conditions of the inhabitants of the occupied Palestinian territory as a consequence of continued Israeli occupation. The report also provided a helpful evaluation of international assistance to the Palestinian people.

286. The close relationship between the deterioration in the economic conditions in the occupied Arab territories and the continued Israeli occupation did not have to be spelt out. All efforts to lessen the sufferings of the Palestinian people had been blocked by the obstinacy of the occupation authorities and their measures to enforce control over all aspects of economic activity in the occupied territory and to obstruct all Palestinian efforts to attain self-reliance. This was reflected in expanded settlement activity, destruction of houses, and deprivation of water resources, not to mention the restrictions on assistance to the occupied territory from international organizations and on Palestinian exports.

287. He affirmed the clear link between the solution of the economic problems of the occupied Palestinian territory and efforts to reach a comprehensive and just political settlement of the Palestinian problem, including the exercise of the right to self-determination of the Palestinian people. In conclusion, he pointed to the important work being undertaken by the Special Economic Unit of the UNCTAD secretariat, affirming the need to support this effort so as to enable the Unit to continue its coverage and investigation of recent developments, including intensified settlement in the occupied territory and its impact on the economic conditions and natural resources there. He also expressed appreciation to UNRWA and UNDP, whose efforts had proved most effective in reducing the suffering of the Palestinian people.

288. The representative of the Islamic Republic of Iran said that the Palestinian uprising was continuing, as people fought for their freedom, dignity and homeland. The secretariat's report (TD/B/1305) indicated the tragic situation of the Palestinian people as the Israeli forces continued to exert their aggressive and inhuman policies towards Palestinians and other Arabs in the occupied territories in defiance of the United Nations Charter and decisions of the international community.

289. Jewish immigration to the occupied territory and the Zionist plan to construct more houses to settle these immigrants were part of the conspiracy to change the structure of Palestinian society and its demographic ratio in the occupied territory. According to the secretariat's report, at least 216,000 Israelis had settled in the occupied territory by mid-1991. Pressures were being intensified on Palestinian workers in Israel, causing massive unemployment in the occupied territory. The economic situation in the occupied territory was deteriorating as the occupation authorities confiscated most cultivable Palestinian land, controlled water resources and discriminated in their use. Another measure which hampered economic activities was the widespread practice of demolishing Palestinian houses. According to the report, 115 Palestinian houses had been destroyed in the first half of 1991. He concluded by saying that, as long as the Zionist regime continued its acts of aggression and occupation, the Palestinian people were justified in placing all hopes in their glorious uprising.

290. The representative of Jordan reaffirmed the importance of the role of the Special Economic Unit and the necessity of providing it with sufficient resources and complete support to enable it to continue its work programme in the coming years. His delegation had affirmed in the past the importance of the intersectoral study and its findings and recommendations, which would be an important source for evaluating economic conditions in the occupied

territory and an integrated framework to provide effective guidance for international assistance to the Palestinian people. He also expressed his appreciation of the proposals and positive programmes included in the concluding observations of the report.

291. The first part of the secretariat's report concentrated on the impact of the Gulf crisis on Palestinian economic activity through a fall in private and official transfers, loss of jobs and shortfalls in export earnings. The report subsequently reviewed aggregate performance of the different sectors of the economy and the efforts of the Palestinian people to develop their economy towards self-sufficiency and to strengthen the domestic productive base. The report referred to various Israeli practices, such as destruction of houses, widespread confiscation of land to settle new Jewish immigrants from the Soviet Union and Eastern Europe, and controls on the movement of Palestinian labourers to and from Israel, as well as on the flow of funds and assistance to the occupied territory.

292. An important aspect of recent developments was the deterioration of the Palestinian agricultural sector as a result of Israeli policies. These included the confiscation of land, the destruction of crops and trees, and controls on access to and utilization of Palestinian water resources, as well as their diversion for use by Israel and its settlements in the occupied territory. The Middle East was passing through a dangerous water crisis as a result of the exhaustion by Israel of water reserves in the area. The expropriation of large tracts of Palestinian land and the expansion and establishment of Israeli settlements were extremely important developments which threatened the chances for peace and security in the region as a whole and which must be ended. United Nations resolutions had affirmed the illegality of Israeli settlement activity and had requested Israel to desist.

293. The rejection by the Palestinian people of the continued deterioration of the Palestinian economy as a result of economic dependency had been shown clearly in Palestinian economic initiatives since the beginning of the intifada. These initiatives were aimed at separating the Palestinian economy from Israel and its institutions, as well as affirming the need to attain self-reliance through communal solidarity. In concluding, he affirmed that the international community was called upon to take effective action to deal with the deteriorating situation in the occupied territory by putting an end to Israeli practices there and providing all assistance to the Palestinian people.

294. The representative of Israel said that the secretariat's previous report had lacked the solid objectivity expected in a United Nations document, and there was little change in the tenor of the present report (TD/B/1305) prepared according to a mandate that included the monitoring and analysis of the policy and practices of Israeli occupation authorities that hampered economic development in the occupied Palestinian territory. This activity was carried out in close consultation with Palestine. Palestine was that same Palestine Liberation Organization whose goals continued to include the destruction and disappearance of his country. This built-in bias in the mandate of the Special Economic Unit was boosted by its collaboration with that organization.

295. For every effect there must be a cause. The current economic situation in Judea, Samaria and Gaza was certainly, in part, a result of necessary Israeli policy measures. In greater part, however, it was a result of developments in the surrounding countries, which the report mentioned, and of developments whose origin was in the territories themselves. It was wildly misleading to contend that the productive base of the economy had been gradually weakened over the past 20 years. The fact was that prior to 1967, production levels in the West Bank had been extremely low and that this had been a neglected area in every sense. The 20 years of Israeli administration between 1967 and 1987 had been marked by credible economic growth, by advances in education and above all by exposure to the modern dynamic economy of Israel. Far-reaching changes had brought the territories into the modern world and had given rise, above all, to a revolution in both economic and political expectations. Economic growth had maintained a steady rate of increase during these years, rising by 400 per cent in Judea and Samaria and by 430 per cent in Gaza. The inhabitants had been able to maintain and expand their trade relations with the surrounding Arab countries. The uprising which had broken out at the end of 1987 was the result of the fact that the people of the territories now knew they could aspire to something better. An uprising of this nature could not be imagined if the occupying power had been the Syrian Arab Republic, Iraq, or indeed any other aspiring regional power.

296. The Palestinian leadership had never missed an opportunity to miss an opportunity. The leadership that forced its people to remain in refugee camps as a weapon for the future and that now imposed itself upon the uprising of the poor took little heed of the well-being of the people, and gave little thought to how these areas might be developed into a viable economic entity. Once again, an opportunity had been missed and the territories had been plunged into the sterile path of violence and economic disaster. That path of violence was well chronicled in the casualty figures, both for Israelis murdered or injured by Palestinian terrorists or terrorists/labourers and for Palestinians murdered or injured by fellow Palestinians. Regretfully, the role of Palestinian violence was once again ignored in the report, or covered by the euphemism "Israeli security concerns".

297. What was surprising was the speed with which business activity had returned to normal since the war. The Palestinian workforce employed in Israel had returned to its pre-war level of 110,000 by July. Casual and unregistered labour was now a thing of the past, and a fair wage with accompanying social benefits had become the norm. Contrary to the information given in the report, nearly all restrictions had now been lifted on capital imports, with only pro forma requirements concerning declarations of source and intention still in force. Measures had been enacted to encourage investment, reduce unnecessary bureaucracy, encourage exports, increase the number of financial institutions operating in the area, create loan funds and reactivate chambers of commerce. While much remained to be done in this sphere, the signs were encouraging, with agricultural exports in the 1990-1991 season approximating those of the previous year and the local leadership beginning to show first signs of independent political thought and action.

298. On international assistance, he singled out the work of UNDP, whose projects included a fully operational business development centre, a citrus processing plant for the Gaza Strip, the creation of an industrial zone in

Nablus and a number of agricultural projects. Considerable financial assistance had also been granted by several Western Governments, which, whilst being of great value had also been the subject of allegations in the local Palestinian press. In light of UNCTAD's concern with good governance and management, Palestinian allegations of this kind also merited some scrutiny by the investigators of the Unit.

299. The land policies pursued by the Israeli administration were similar to those followed in Israel itself or in any modern country where land was a resource to be used for the public good and not for a privileged minority. The relatively small number of immigrants settled on public land had had little, if any, effect on the local economy. It would be tendentious to suggest otherwise. Allegations in the report concerning water use were also misleading.

300. Israel was well aware of the problems involved in the re-establishment of productive economic activity and in the creation of the necessary climate of peace for such activity to flourish. Such a goal required that the Palestinian population turn from the way of violence, establish its independence from negative external influence, and seek its own destiny through the path of coexistence and negotiations. In so doing, it would find a willing partner in the State of Israel.

301. The representative of China said that, since the last session of the Board, the economic situation in the occupied Palestinian territory had further deteriorated and the living standards of the Palestinian people had fallen to new low levels. The Israeli occupation authorities had imposed a series of new predatory restrictive measures against the Palestinian people in the occupied territory. The new security measures, coupled with the adverse effect of the Gulf conflict, had caused more unemployment and serious losses in trade and services, thus putting the vulnerable Palestinian economy in a worse situation. Despite the serious efforts of the Palestinian people to develop their economy, foreign trade was beset by many difficulties, natural resources were not fully utilized and the GNP had drastically declined.

302. The only way of getting the Palestinian people and economy out of this situation was to terminate Israeli occupation, abolish all restrictive measures, and improve the external economic environment and indigenous policy and management mechanisms. He called on the international community to further expand its economic assistance to the Palestinian people and expressed appreciation of the policy measures proposed in document TD/B/1305 with a view to creating a sound environment for revitalizing the economy of the occupied territory.

303. He concluded by stating that the Government of China would always continue its firm support for the Palestinian people in their just struggle for their legitimate rights and national liberation.

304. The representative of the Syrian Arab Republic said that the continued deterioration of economic conditions in the occupied Palestinian territory was a result of Israeli policies and practices of collective punishment, expropriation of land and water resources and restrictions against Palestinian trade. This was a source of increasing alarm for the international community.

305. The secretariat report (TD/B/1305) contained important information about the suffering of the Palestinian people under Israeli occupation. The report indicated a decline in most indicators of the Palestinian economy in 1988-1990, as a result of various factors. These included: the intensification of measures to expropriate Palestinian land and the expansion of Israeli settlements and their populations in the occupied territory, including East Jerusalem, thus causing increasing pressures on the Palestinian economy and its sources of income; control by the Israeli occupation authorities of the water resources in the occupied territory and continued discriminatory distribution of water resources in favour of Israeli settlements and at the expense of the growing needs of the Palestinian economy; depriving Palestinians of work opportunities and imposing curfews which prevented Palestinians from reaching their jobs and earning their incomes; imposing high taxes on Palestinians and banning the marketing and export of Palestinian agricultural and industrial products; building roads and destroying trees in Palestinian farms and orchards so as to link Israeli settlements to each other and to Israel; and preventing Palestinians outside from returning to join their families inside the occupied territory.

306. These constituted only some examples of Israeli policies and practices which aimed at destroying the Palestinian economy for the benefit of Israeli occupation and settlement. Similar practices were imposed by the Israeli forces in the occupied Syrian Golan and other occupied Arab territories with the aim of expelling their legitimate owners and establishing Israeli settlements there. Various restrictive measures were imposed on the people in the occupied Syrian Golan, their economic resources and their freedom of movement, while their lands and properties were subjected to expropriation and confiscation.

307. In conclusion, he said that the secretariat's report showed clearly the danger of continued deterioration of economic conditions in the occupied Palestinian territory, and as long as the occupation of Palestinian territory continued, economic conditions would further deteriorate. The conclusion to be drawn from the report was that the ending of occupation and the dismantling of the Israeli settlements represented the only means of halting that economic deterioration and that nothing could stop the process of development of the Palestinian economy. The international community was strongly urged to provide the Palestinian people with the necessary assistance.

308. The representative of the Union of Soviet Socialist Republics said that, against the background of world developments and real opportunities for a settlement of the Middle East problem, the situation in the occupied Palestinian territory continued to give rise to concern. The Security Council had expressed alarm over conditions in the occupied Palestinian territory and over Israeli violations of human rights and of the Fourth Geneva Convention, while also calling for immediate protection of the Palestinian civilian population.

309. Report TD/B/1305 was yet another testimony to the scrutiny of this problem by the United Nations. The report described instances of restrictions on the Palestinian economy, for example in the agricultural sector and external trade. At the present time, the world was close to a breakthrough in the Middle East and the international community was duty-bound to assist the

incipient resolution of the conflict on the basis of international legality. He called for a comprehensive settlement through participation of all parties to the conflict, as well as a solution to the Palestinian problem. He supported the convening of an international peace conference under the auspices of the United Nations and with the participation of the five permanent members of the Security Council. He also welcomed the declaration by the summit meeting in London of the seven industrialized nations which had supported the peace conference. In conclusion, he said that the situation in the region required a settlement, and reiterated that only if that condition were met would the problem of assistance to the Palestinian people find its proper solution.

310. The representative of the Sudan affirmed the importance of agenda item 5 and praised the efforts of the secretariat, as reflected in document TD/B/1305. One of the important findings that emerged from this report was the continued deterioration in the living conditions of the Palestinian people in the occupied territories, in addition to the related negative effects created and enforced by Israeli occupation.

311. The Israeli occupation, with its organized terror and institutionalized economic siege, was the one and only cause of the miserable social and economic conditions of the Palestinian people. The policy of expropriation of land, the exhaustion of water resources and the establishment of settlements in the occupied territory had a destructive impact on the productive capacity and social stability of a people at the mercy of a Zionist occupation which took Palestinian properties and resources by force. The intifada of the Palestinian people thus came as a natural response to an occupation which violated all international conventions and humanitarian norms. Unfortunately, the United Nations had not yet been able to apply justice in Palestine and implement Security Council resolutions 242 (1967) and 338 (1973) towards the right of self-determination of the Palestinian people and the establishment of their State. He hoped that the world would not apply double standards in dealing with difficult problems, since legitimacy and justice were inseparable and the Palestinian problem should not remain unresolved any longer.

312. The world was called upon to intensify its efforts to assist the Palestinian people in the occupied territories. In particular, there was an urgent need for the United Nations and its specialized agencies to transform the Palestinian economy from an economy of occupation to one of self-determination and independence. In this respect, he pointed to the Palestine Liberation Organization, which was leading the Palestinian people towards a just peace and self-fulfilment, based on Israeli withdrawal from all occupied Arab territories.

313. In conclusion, he called upon the United Nations agencies to highlight this issue at all levels. The time had come to set up a mechanism to force the occupation authorities to end their arbitrary practices against the Palestinian people, and to do what was necessary to stop further deterioration in economic and social conditions and achieve self-determination. The UNCTAD secertariat should continue to shoulder its responsibilities in this context.

314. The representative of the United States of America said that his country supported economic assistance to the Palestinians and was a major contributor to UNRWA, UNDP and other United Nations programmes that assisted Palestinians. The United States also provided substantial direct assistance to Palestinians in the occupied territory through various private voluntary organizations. He added that, although the secretariat's report showed some improvement in citing other factors, it continued to cite Israel unfairly as creating all the economic problems in the West Bank and Gaza. It did not note that the security situation in these areas had both led to some of the Israeli restrictions and had itself had a negative impact on the economy of the territory.

315. The representative of Palestine, exercising his right of reply, noted the statement by the United States and expressed gratitude for United States assistance to the Palestinian people. The Palestinian people were in fact pupils of the United States; the question of liberation and ending occupation was not one of assistance and economic development, and the Palestinian people were merely doing the same as the people of the United States when the latter had taken up arms against the British colonialists.

316. In reply to the statement by the representative of Israel, he said that it was unfair to attack the UNCTAD secretariat, which was not in a position to defend itself. Perhaps, however, the secretariat would draw solace from the fact that Mr. Bush himself had recently been insulted by an Israeli Cabinet member. The resolution establishing the Special Economic Unit had been voted on by the Conference, and the secretariat was only implementing that resolution. If Israel was out of step with UNCTAD members, then it should end occupation. He did not judge Israel on its word, but on its actions. If it were to be believed that occupation brought prosperity, then many of the world's pressing economic problems could be solved through occupation.

317. The representative of Tunisia said that the Special Economic Unit had prepared a valuable document (TD/B/1305), despite financial constraints and the obstacles which some had created to prevent it from fulfilling its mandate. The report's analysis confirmed what the media and sparse news reports had given cause to suspect: in the paradise of occupation it was not surprising that the situation of Palestinians had deteriorated. It could not be otherwise when the occupying power did not cease to stifle all hopes, the determination to develop, all efforts at economic emancipation and all effort to survive. The representative of the occupying power had presented a lesson in political economy worthy of scrutiny: the Palestinian people which rejected occupation also rejected development. Thus, on the eve of the twenty-first century, certain "eminent thinkers" continued to associate colonialism with development.

318. The form of development proposed by the occupying power implied the destruction of the industrial, commercial and agricultural infrastructure of the Palestinian economy. The report cited a range of Israeli measures under which the Palestinian economy suffered. Despite these, a people had emerged who, by modest means, attempted to organize themselves and survive economically. The international community should provide aid and multifaceted support to this people in distress.

319. In conclusion, he affirmed that the Special Economic Unit should intensify its examination of the Palestinian national economy. The usefulness of such work for the Palestinian people and the international community was undeniable.

320. The Chief of the Special Economic Unit said that delegations' statements had covered a number of substantive issues. While some of the issues raised concurred with the findings embodied in the report, others provided additional points that warranted further investigation. Those would be given serious attention in the work of the secretariat within the framework of its mandate.

321. In responding to one observation to the effect that the secretariat's report continued to cite Israel unfairly as creating all the economic problems in the West Bank and Gaza, he said that he wished to correct such an impression. The report was carefully structured to reflect three distinct categories of factors affecting the performance of the economy of the occupied Palestinian territory during the period under review, namely factors associated with the economy of the occupied territory itself, factors reflecting Israeli policy measures and external factors affecting the economy of the territory. The secretariat would continue to exercise objectivity in monitoring and analysing such factors as they affected the economy of the occupied territory.

Action by Sessional Committee I

322. At its 2nd meeting, on 27 September 1991, Sessional Committee I took note of the UNCTAD secretariat's report on "Recent economic developments in the occupied Palestinian territory" (TD/B/1305).

Action by the Board

323. At its 797th (closing) meeting, on 4 October 1991, the Trade and Development Board took note of the report by the UNCTAD secretariat entitled "Recent economic developments in the occupied Palestinian territory" (TD/B/1305).

Chapter IV

PREPARATIONS FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

(Agenda item 6)

324. The representative of Colombia, speaking in his capacity as Chairman of the National Commission for UNCTAD VIII, said that his country looked forward to hosting UNCTAD VIII, it being understood that all participants would work for the success of the Conference. For that success to be attained, it would be necessary to revise the criteria and mechanisms applied to economic and social development. UNCTAD VIII would thus serve as an opportunity to establish new channels of communication between North and South in respect of issues which had traditionally been controversial but which must now be examined in the light of the perspectives opened up by today's international dialogue. UNCTAD VIII should be the beginning of a new era in which to seize the opportunities made possible by international cooperation at the end of the East-West conflict.

325. The statements made to the Board by countries from all regional groups gave rise to optimism, calling as they did for the revitalization of UNCTAD. A consensus had been emerging on the need to enhance international cooperation aimed at alleviating development problems, and it appeared that international cooperation would be easier in the 1990s than at any time in the post-war period.

326. To be durable, the new world order as it related to economic issues must be founded on a series of parameters democratically agreed upon by the international community, parameters with a reasonable degree of specificity and whose application would be such as to respond efficiently and effectively to immediate problems. The modernization of UNCTAD would largely set the course for the reorganization of the system of international organizations.

327. Colombia was convinced that the central theme of UNCTAD VIII should be the revitalization and strengthening of UNCTAD as a centre of analysis of development problems, a centre for strategic planning, a plurilateral negotiating forum and a prominent source of technical assistance and support for developing countries. His country's contacts with countries from all regions indicated that progress was being made along the lines desired by all.

328. Colombia hoped that the political will existed to introduce the changes necessary in UNCTAD's methods of work, to breathe new life into its structure, and to make the changes needed to restore the relevance to UNCTAD which it had and should continue to have and enable it to live up to the hopes placed in it by the developing world. Colombia reiterated its invitation to UNCTAD member States jointly to take up the historical challenge facing them as authors of a bright future for mankind.

329. The representative of Peru, speaking on behalf of the Latin American and Caribbean Group, said that UNCTAD had lost ground in the discussion of the crucial issues of international economic relations, but its mandate was still valid and it remained the sole universal forum for the analysis and promotion of international economic relations conducive to development.

330. UNCTAD VIII therefore represented a valuable opportunity to revive the dialogue on development and international economic cooperation and to restore the credibility of UNCTAD. To that end, it was necessary to enhance UNCTAD's three basic functions, namely: global policy analysis and coordination; negotiation and follow-up of individual development-related agreements; and enhancement of technical support for developing countries.

331. With regard to policy analysis and coordination, flexible machinery must be established to analyse global economic trends and formulate strategies giving rise to concrete national and international action. This work should involve not only government representatives but also regional and subregional bodies, non-governmental experts and other specialized bodies.

332. With regard to negotiation of agreements, sterile confrontation must be avoided. The Group of 77 must be revitalized. The specific needs of all countries, whether developed or developing, must be taken into account, and to this end the present group structure should be supplemented with more flexible mechanisms allowing concertation at the level of regions, subregions, or specific interests. It would thus be possible to conclude specific agreements with concrete objectives and their own follow-up machinery.

333. With regard to technical cooperation, there should be tighter links between the UNCTAD secretariat's operational capacity on the one hand and research and analysis on the other. The autonomy of UNCTAD's technical cooperation activities would thus be maintained.

334. It was essential that a process of informal consultations be launched immediately with a view to reaching consensus on the revitalization of UNCTAD. The host country for UNCTAD VIII should participate in this process. Finally, it was hoped that countries attending UNCTAD VIII would be represented at the highest level to ensure proper implementation of agreements reached.

335. The spokesman for Group B (Italy) noted that, during the Board's discussions, a significant degree of consensus had emerged on issues of crucial importance not only for UNCTAD VIII but also for the future of UNCTAD. In particular, general satisfaction had been expressed about the historic political changes towards democracy taking place in many parts of the world, and it had been widely recognized that market-oriented economies offered the most credible prospects for effective economic development.

336. With regard to UNCTAD VIII, a major issue should be that of how UNCTAD could adjust to new realities in order to retain its relevance. UNCTAD still had an important role to play in promoting development and enhancing the participation of the developing countries in the world economy, but it must engage in a serious and far-reaching effort to reconsider its functions and its operational mechanisms.

337. In the analysis of global issues, such as interdependence, UNCTAD had built up a solid reputation based on its universal membership and its considerable expertise. That analysis function should continue, and the secretariat should further enhance its analytical capabilities, concentrating more on priority issues. This should be done by identifying suitable sets of options which could assist Governments in their structural adjustment policies

and in their efforts towards market-oriented economies. In this respect, for example, particular attention should be devoted to measures aimed at attracting foreign investment, as well as to measures aimed at avoiding misallocation of resources in all the forms that this could take. The years ahead would probably witness a competitive effort among different world regions to attract foreign capital, and it would therefore be of paramount importance for UNCTAD to assist developing countries in devising policies conducive to an increase of non-debt-creating financial flows.

338. While primarily focusing on the need for sound policies at the national level, UNCTAD should also concentrate on the analysis of international issues having a bearing on the prospects of improved management of interdependence. International cooperation must be strengthened, particularly in interrelated areas such as trade, money, finance and sustainable development. UNCTAD should continue contributing to the ongoing international debate on these issues, shifting personnel as required to avoid additional costs. What was required was a flexible structure of highly professional economic analysts able to cover different areas according to the needs of the moment. From such an enhanced analytical capability, UNCTAD could derive new ideas on how to develop its technical assistance to developing countries.

339. Thought should also be given to the content, organization and format of the outcome of UNCTAD meetings. Some shift might be required in the range of subject matter, and with respect to the outcome of meetings, long negotiations on resolutions or decisions which served little or no meaningful purpose should be avoided.

340. The evolution of events also called for more flexibility in working methods and procedures, taking into account the growing desire for diversity of expression. The working of the group system might require review, since the present set-up could inhibit debate.

341. It was to be hoped that a reasonable period of time would be set aside for a meaningful preparatory process for UNCTAD VIII. This preparatory process was necessary to give Governments sufficient opportunities to reflect on the most desirable outcome of the Conference, and since UNCTAD VIII would be shorter than the previous Conferences, some progress towards establishing consensus on the final outcome would therefore be very desirable before the Conference itself opened.

342. Group B would be willing to engage, as soon as possible and in whatever form considered fit, in an informal exchange of views based on the already abundant material available.

343. The representative of China said that almost all the statements to the Board had borne witness to the following undeniable facts: the dramatic changes in the Soviet Union and the countries in Central and Eastern Europe, the adjustment of political and economic relations between East and West, the emergence and sharpening of national and ethnic contradictions in certain regions, the increasingly heavy debt burden and lack of development finance of the developing countries, the imbalance in commodity supply and demand and the decline in commodity prices, the escalation in trade protectionism, the serious difficulties surrounding the Uruguay Round, the adverse gap between

the developed countries' accelerating scientific and technological progress and the developing countries' limited technological capabilities, world environmental degradation and its serious consequences for sustainable development, and the increasing globalization and internationalization of economic activities. It was therefore most appropriate for the North and the South to sit down together at UNCTAD VIII to seek solutions to the major problems of trade and development.

344. UNCTAD was, first and foremost, a forum for considering comprehensive economic and development policy issues. UNCTAD VIII should therefore embark on an overall review, assessment and scientific forecast of the world economic situation, the problems faced by the developing countries, and the opportunities and challenges brought by the changing world situation. It should carry out, inter alia, an in-depth study of the consequences for the world economy and especially the economies of the developing countries of the structural adjustments in the Soviet Union and Central and Eastern Europe, the changes in East-West relations, the trade groupings among the developed countries, the accelerated development of the technological revolution, the results of the Uruguay Round (if concluded) and other important factors.

345. UNCTAD was also a place for negotiations on trade and development issues. At UNCTAD VIII, delegations should work together to formulate practicable and effective policy measures acceptable to all parties in the five interrelated areas of resources for development, international trade, technology, commodities and services, so as to facilitate international cooperation in the creation of a favourable environment for the realization of a healthy world economy and in promoting the economic growth, technological capabilities and accelerated development of the developing countries. In so doing the Conference should take into consideration the new issues such as sustainable development, but it must not overlook its efforts to seek new and effective solutions to traditional problems. In handling the relationship between national and international measures, the Conference should focus its main efforts on international policy measures for strengthening international cooperation and creating an external economic environment conducive to the solution of common problems faced by the developing countries. The question of national management should not be dealt with in too specific or selective a way. Rather, attention should be given to the formulation of policy measures or principles which are of universal guiding significance for problems of a general nature. Efforts must also be made to prevent economic and development issues from being too heavily politicized.

346. Since its founding, UNCTAD had done a great deal of fruitful work, but with the enormous changes in the world situation and the tremendous difficulties faced by the developing countries, it should implement the mandate entrusted to it in General Assembly resolution 1995 (XIX) more seriously. It should continue to play fully its central and coordinating role in the trade and cross-sectoral development areas within the United Nations system, and the functions of UNCTAD and its secretariat should be further strengthened.

347. It was hoped that a concrete exchange of views on the substantive items on the agenda of UNCTAD VIII would start at an early date. All delegations should show the necessary political will to ensure an effective dialogue and an action-oriented outcome to the Conference.

348. The representative of Jamaica, speaking in his capacity as Chairman of the Preparatory Committee of the Group of 77 for UNCTAD VIII, informed the Board that the Ministerial Meeting of the Group of 77 for UNCTAD VIII would be held from 16 to 23 November 1991 in Tehran, Islamic Republic of Iran. He added that the Preparatory Committee of the Group of 77 was beginning its work in the current week with the discussion of two documents before it and intended to work towards a worthwhile, succinct and pointed document for the Conference which would provide the basis for continuing collaboration with its negotiating partners.

349. The representative of the Netherlands, speaking on behalf of the European Economic Community and its member States, referred to the momentous changes which had been taking place in the world over the past two years and observed that UNCTAD VIII would have to evaluate these changes, to adapt rapidly to the new world environment, and to take an active role in the deepening of the development consensus. He recognized that UNCTAD had lost further ground in the discussion and negotiation of key issues of international economic relations, and unfortunately the Final Act of UNCTAD VII had not really provided an impetus strong enough to revive UNCTAD. Nevertheless the Final Act had marked the end of a period of fruitless North-South confrontation and had also seemed to offer hope for a reinvigorated development debate. If these hopes had not been fully realized, this was in part because of opposing interpretations among the regional groups of the provisions of the Final Act and in part because the Final Act was not sufficiently flexible to take into account the fast-changing conditions for world development and the modifications of policy approaches. In the end, it had proved very difficult to carry forward the UNCTAD VII consensus in the adversarial context of group negotiations. It would therefore be crucial to consider, before and during the Conference, how best to ensure that UNCTAD VIII did not become a short-lived success, but rather a real turning point.

350. Among the relevant changes that had taken place in the world, he noted that the model of adversarial political blocs was being replaced by a system based on openness and mutual confidence, in which economic cooperation rather than political confrontation was the dominant force. There had been important economic and technological changes and the globalization of markets, media and information networks had shaped new realities. National economies had become inextricably linked, so that the management of interdependence was becoming more important every day. The Community believed that UNCTAD should in principle play an important role in improving the common understanding of interdependence from the perspective of development. The fact that UNCTAD's role in the interrelated areas of trade, finance and money was not one of executive decision-making, but rather to act as a forum for dialogue, could be seen as an opportunity for a more detached and analytical approach than was possible in the specialized forums. The profound changes which had taken place in the developing world since the foundation of UNCTAD suggested that a flexible approach to the development dialogue, taking into account the specific positions and interests of individual countries, could be a promising conceptual and procedural improvement. UNCTAD VIII should be an opportunity to define a new role for the organization in today's world and to restore its credibility and relevance. He believed that this was a necessary condition for the reappearance of a genuine will to engage in international cooperation

in this organization. In this connection, he particularly welcomed the statement by the spokesman for the Group of 77, calling for a dialogue to strengthen the institutional effectiveness of UNCTAD, and said that the EEC and its member States stood ready to participate fully therein.

351. With this in mind, the Community wished to propose three steps towards making UNCTAD VIII a real and sustainable success. The first step would be to tackle the organization's basic weaknesses by: (a) updating its review on interdependence and by focusing also on helping individual developing countries to make the critical choices among policy options, and (b) making a real effort to reform the working methods of the organization. It would be logical to begin by strengthening the analytical function of the organization with respect to interdependence by taking into account both the national and the international dimensions. Greater flexibility would enable the organization to keep abreast of ongoing changes and enable the intergovernmental bodies to draw promptly the relevant conclusions. It would also make for greater mutual understanding on policies and constraints. Moreover, an improved analytical capacity could form the basis for enhanced and pragmatic forms of technical assistance. This process would call for the utmost objectivity on the part of the UNCTAD secretariat, as well as a capacity to make realistic proposals. The secretariat should not be forced into favouring one - moreover heterogeneous - group of countries. It might also be helpful to look at the mandates and periodicity of UNCTAD intergovernmental organs, in order to make the conduct of business of these organs less predictable and to attract more expert interest, especially from developing countries.

352. A second major step to be taken at UNCTAD VIII was to take further the new consensus on the requirements for effective development progress mentioned earlier. The third major step would be to reaffirm the common responsibilities of the international community and to give effect to a genuine partnership for development.

353. He felt that it would be desirable to give effect to the agreed notion of "good management", both nationally and internationally, in the respective areas identified in the agenda for UNCTAD VIII: i.e. resources for development, trade, commodities, services and technology.

354. Finally, he expressed the hope that the dates for the beginning of the preparatory process for the Conference would be settled at the current session of the Board and that the Board would establish a firm calendar for the work ahead so that adequate preparations could be made for the satisfactory outcome of the Conference.

355. The representative of Denmark, speaking on behalf of the Nordic countries Finland, Norway, Sweden and Denmark, said that he was confident that Colombia, as the host country for UNCTAD VIII, would not spare any efforts to prepare the best possible setting for this important event. Statements made at the current session of the Board had shown that the preparatory process was continuing on schedule and that a firm timetable could be drawn up at this session.

356. The Conference would be taking place at a crucial moment for multilateral cooperation, which also implied an obvious need for discussions on the role of UNCTAD in this new context, as underlined in several statements made in the Board. The Nordic countries believed that it was in the interest of all groups and countries that a clearer definition of UNCTAD's role should be a central theme and thus an important element in a fruitful outcome of the Conference. He recalled that the Group B statement had already put forward some ideas and suggestions on this subject. He was pleased that delegations from the Group of 77 and other countries had also pointed to the need for a revitalization of UNCTAD and had expressed their interest in an open discussion on the strengthening of the effectiveness of this organization. Thought should also be given to the benefits of a more flexible dialogue and working methods within UNCTAD as this could also contribute to better achievements for the organization.

357. The Nordic countries had always felt a strong commitment to the tasks and to the raison d'être of UNCTAD. They believed in a close dialogue between all countries on the problems that developing countries were facing in trade and development. They were therefore pleased to note that member States had demonstrated their readiness to enhance the possibilities of an even more productive outcome for this dialogue. The Nordic countries stood ready to make their contribution.

358. The representative of Austria observed that the profound transformations of the international political landscape called for new answers at the institutional level of the United Nations system. It was therefore surprising to find among delegations a reluctance to give up traditional positions and terminology. The time had come for bold decisions that would lead to a more functional and effective institutional framework. The frustration felt with much of the ongoing work was fairly widespread, and did not exclude the staff of the organization. As far as UNCTAD was concerned, two questions were paramount: first it was necessary to redefine the role of the organization, and secondly it was necessary to adopt proper working mechanisms. After long reflection on the matter, his delegation had to come to believe that the redefinition of UNCTAD's role could not succeed if it were undertaken only from within. Rather, it had to be undertaken as an integral part of the current efforts to restructure the United Nations system. If attempts were made to solve the problem from within, it would probably be found that none of the tasks assigned to UNCTAD was sufficiently unique and original to justify the preservation of the organization. In other words, unless one went beyond the present scope of the discussion, it would not be possible to establish the kind of unmistakable identity which a major international organization needed to have. He therefore felt that it would be useful if delegates who were familiar with the problems of UNCTAD were to contribute to the general reform efforts of the United Nations system rather than confining themselves to an internal debate. This was not to say that all decisions with regard to UNCTAD's future would have to be taken in a different context. Much could be done to improve UNCTAD by adapting current working methods. For example, his delegation was not convinced that the negotiation of resolutions between regional groups was the most profitable use of delegations' time and energy.

359. In adjusting the working methods of UNCTAD, the international community should be both more modest and more realistic. The time of confrontational negotiations to reach global solutions for development problems had passed. What was now needed was an organization which served as a think tank for the major development issues. It should be willing and able to analyse the problems objectively and in an open manner, and be dominated by one guiding principle: to come as close as possible to a consensus through a continuous and intense process of discussion. As a possible model for such reform, he cited the OECD, where items of common interest were discussed at length in numerous committees and working groups until the problem was more fully understood and a consensus emerged. Once this stage was reached, governments were usually ready to take action on their own, not because they were obliged to do so but because they were convinced of the soundness or usefulness of such action. There was an element of peer pressure in OECD which was most effective. The process of an honest, self-critical and systematic search for the correct information on which decision-making should be based lent respectability to the organization. At the same time, the absence of direct diplomatic negotiations would save energy and resources.

Action by the Board

360. At its 797th meeting, the Board agreed that the first part of the seventeenth special session of the Board to prepare for the Conference should be held for two weeks from 2 to 13 December 1991.

361. The Board also agreed on the desirability of the Secretary-General of UNCTAD's initiating, in the period following the current session of the Board, and until the Ministerial Meeting of the Group of 77 in Teheran, Islamic Republic of Iran (16-23 November 1991), an informal, non-binding, series of consultations which would exchange views focusing on expectations with regard to UNCTAD VIII, and also on institutional issues; and that the modalities for such consultations would be considered at a later stage.

Chapter V

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES

(Agenda item 7)

A. Report of the Working Party on the Medium-term Plan and the Programme Budget (Item 7 (a))

362. The Chairman of the Working Party (Egypt) introduced the report of the Working Party on the Medium-term Plan and the Programme Budget on its twentieth session (TD/B/1295-TD/B/WP/73) and drew attention to the agreed conclusions in annex I, as well as to the provisional agenda for the twenty-first session in annex II.

Action by the Board

363. At its 791st meeting, on 25 September 1991, the Board took note of the report of the Working Party on the Medium-term Plan and the Programme Budget on its twentieth session (TD/B/1295-TD/B/WP/73) and endorsed the agreed conclusions annexed thereto.

B. Report of the Committee on Transfer of Technology (Item 7 (b))

364. The Chairman of the Committee on Transfer of Technology (Argentina), introducing the report of the Committee on its eighth session (TD/B/1298-TD/B/C.6/157), stated that the Committee had held intense deliberations on the main items on its agenda and adopted resolution 33 (VIII) entitled "Transfer and development of technology". He also reported that, in conjunction with the work of the Committee, consultations had been held on an international code of conduct on the transfer of technology, in pursuance of General Assembly resolution 45/204 of 21 December 1990. However, in spite of the admirable efforts made by all delegations, no positive result had been achieved. The outcome of these consultations would be the subject of a separate report by the Secretary-General of UNCTAD to the current session of the United Nations General Assembly, which would decide upon further action to be taken on the matter.

Action by the Board

365. At its 791st meeting, on 25 September 1991, the Board took note of the report of the Committee on Transfer of Technology on its eighth session (TD/B/1298-TD/B/C.6/157) and endorsed the provisions of resolution 33 (VIII) annexed thereto.

C. Report of the Special Committee on Preferences (Item 7 (c))

366. The Chairman of the Special Committee on Preferences (Honduras) introduced the report of the Special Committee on Preferences on its eighteenth session (TD/B/1297-TD/B/C.5/140) and drew attention to resolution 13 (XVIII) and decision 14 (XVIII) in annex I of the report.

Action by the Board

367. At its 791st meeting, on 25 September 1991, the Board took note of the report of the Special Committee on Preferences on its eighteenth session (TD/B/1297-TD/B/C.5/140) and endorsed the provisions of resolution 13 (XVIII) and decision 14 (XVIII) annexed thereto.

D. Report of the Ad Hoc Review Meeting on Bauxite (Item 7 (d))

368. The Deputy to the Secretary-General of UNCTAD and Director of the Commodities Division introduced the report of the Ad Hoc Review Meeting on Bauxite (TD/B/1296-TD/B/C.1/318-TD/B/C.1/RM/BAUXITE/4). He drew attention to the decision by the Review Meeting (annex I) to recommend that the Secretary-General of UNCTAD convene a second Ad Hoc Review Meeting as soon as possible after UNCTAD VIII.

Action by the Board

369. At its 791st meeting, on 25 September 1991, the Board took note of the report of the Ad Hoc Review Meeting on Bauxite (TD/B/1296-TD/B/C.1/318-TD/B/C.1/BAUXITE/4) and endorsed the decision annexed thereto.

Chapter VI

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 8)

A. Economic co-operation among developing countries:

- Financing of South-South trade (para. 4 (c) (iii) of resolution 4 (v) of the Committee on Economic Co-operation among Developing Countries) (Item 8 (a))

370. For its consideration of this item, the Board had the following documentation before it:

> "Evaluation of performances and issues of trade financing in developing countries: the case for and the viability of an interregional facility" - report by the UNCTAD secretariat (TD/B/1300 and Corr.1),

together with its supplements, namely:

> "Trade financing in developing countries: an assessment and evaluation of existing schemes and future requirements" - study by the UNCTAD secretariat (TD/B/1300/Supp.1, English only); and the

> "Feasibility study for an interregional trade financing facility for the exports of non-traditional goods of developing countries" (study prepared by Multinational Strategies, Inc., New York, in collaboration with the UNCTAD secretariat) (TD/B/1300/Supp.2, English only).

371. The Report of the Expert Group on Trade Financing Mechanisms in and among Developing Countries (TD/B(XXXVIII)/Misc.3) was also available to delegations, in English only.

Consideration in Sessional Committee II

372. Introducing item 8 (a), the Officer-in-Charge, Monetary and Financial Cooperation and Trade Analysis Branch referred to resolution 4 (V) of 12 June 1989 of the Committee on Economic Cooperation among Developing Countries. In pursuance of this resolution, the secretariat had drawn up a questionnaire for surveying the trade finance infrastructure of developing countries, engaged outside market-based consultants and consulted with appropriate international, regional and national concerns on assessing the feasibility of establishing an Interregional Trade Financing Facility (ITFF). Finally, an Ad Hoc Expert Group on Trade Financing Mechanisms had been convened by the Secretary-General of UNCTAD in July 1990 to examine the findings of the secretariat, and the report of the Group was before the Committee in document TD/B(XXXVIII)/Misc.3.

373. In summarizing those findings, he stated that, although 55 developing countries had some form of trade financing, only 16 had fully-fledged facilities and only eight had export credit guarantee schemes. The coverage of trade was thin, and the credit extended was on stringent terms and was

usually extended to direct exporters only. Pre-shipment credit in general and its foreign exchange components in particular were rare. Banks preferred lending for working capital and not trade finance as such. National commercial banks and central banks saw export credit and trade finance in general as a secondary activity. International banks were active only in some commodity financing extended over the short term, and were rarely involved in transactions involving developing countries on both the export and import sides. The most striking shortage of finance was in the sector of non-traditional exports. As regarding the treatment by international financial markets of developing country exporters, he noted that the methods of evaluating credit risk led to superimposing country risk upon credit risk. Regional and sub-regional institutions for their part had proved to be rather inactive in trade finance, and to have other priorities. Their involvement in trade financing was further limited by restrictions written into their Charters.

374. These findings led the secretariat to examine the idea of an Interregional Trade Financing Facility. The secretariat was interested, in addition to the questions of financial and commercial viability, in whether such a facility would imply financial additionality for all developing countries. In testing the feasibility of the ITFF, the consultants had constructed eight scenarios, representing, taken together, a realistic set of outcomes. All the scenarios indicated that the ITFF was commercially and financially viable.

375. In mentioning the differences of emphasis that had emerged between the experts and the secretariat in the discussions in the Ad Hoc Group, he said that the experts were not in favour of a sharp distinction between traditional and non-traditional exports, of a product-based definition or even of a country-based definition of exports; they did not believe it would be wise for the proposed Facility to move, at inception, to longer-term maturities; and considered that the destination of exports should not be confined to developing countries. These recommendations had been reflected by the secretariat in the documentation before the Sessional Committee.

376. The spokesman for the Group of 77 (Sudan) emphasized four important conclusions of the documents. He referred to the significant functional and institutional gaps in the trade financing infrastructure of developing countries, and drew attention to the action list of recommendations formulated by the secretariat in TD/B/1300, section V.1, regarding the problems, among others, of lack of resources, administrative and delivery difficulties and unfavourable terms and conditions. He endorsed the view that those problems could not be tackled successfully by the developing countries, given their foreign exchange and debt constraints, without the cooperation of the developed countries. Finally, he agreed that, without the solution of the developing countries' trade financing problems, their efforts to liberalize their trade and increase their global trade participation would be seriously undermined.

377. In welcoming the secretariat documentation on the feasibility of establishing an ITFF, he emphasized the need for the ITFF to offer financial additionality for all developing countries, and noted that its viability required public and private, national and international participation, particularly that of the developed countries, at the early stages of operation.

378. Referring to the Expert Group Meeting, he noted that the 20 eminent specialists who had attended it, including 11 chief executives of export-import banks and credit insurance agencies from developed and developing countries, had concurred on the merits, need for and viability of such a facility.

379. The representative of China noted the various problems developing countries were facing and the intensive efforts they had made in the last 10 years to develop their mutual economic cooperation. Given the importance of export expansion, in which the provision of export credit had a major part to play for the economic development of the developing countries, China was pleased to see the establishment of national trade financing facilities in a number of developing countries but regretted that they could not meet the needs of the developing countries. It was vitally necessary to strengthen and perfect such facilities. Moreover, more than half the developing countries still had no trade financing facilities at all. The proposal to establish an interregional trade financing facility was therefore worth consideration. She noted, however, that its establishment faced many difficulties, the most important being resource constraints. Her delegation hoped that the international community would provide the necessary financial and technical support for the proposed ITFF. China was ready to participate actively in the relevant discussions.

380. The representative of Kenya emphasized that ECDC was essential in building the foundations for balanced and sustained development, but had to be strengthened if it was to make a more effective contribution to the needs of developing countries. The single most important element in strengthening ECDC was trade financing. In that connection, he paid tribute to the important information provided in the secretariat studies and called upon the UNCTAD secretariat to continue its work on the proposed interregional trade financing facility. The lack of national trade financing facilities in most developing countries had to be adequately addressed if the proposed facility was to play its part in promoting non-traditional exports. In that respect, he referred to his country's experience in the Preferential Trade Area for Eastern and Southern Africa (PTA) and the role played by the export financing facility set up within the PTA's trade development bank. He warned, however, that international economic developments over which developing countries had no control could disrupt any South-South cooperation efforts in the absence of a stable, predictable and supportive international climate.

381. The spokesman for Group B (Germany) noted that economic cooperation among developing countries was becoming increasingly important, as part of the global trend towards the interdependence of economic, social and cultural aspects. Group B was ready to play its part in the evolving global partnership, and developing countries, although primarily responsible for their own development, could count on the support of the Group B countries. Group B had in the past substantially supported the cooperation efforts of the developing countries through technical assistance and the provision of economic resources, and would continue to do so. He noted, however, that economic growth, trade and cooperation had not been increasing fast enough to satisfy the developing countries' needs, and referred in that respect to Board resolution 385 (XXXVII), which called for an in-depth study of the main impediments to the expansion of trade among developing countries.

382. In connection with the expansion of South-South trade, he said that Group B countries were interested in the studies on a possible ITFF but had not had time to examine them and therefore had to abstain from any premature evaluation. He would, however, raise some questions, the first being whether financial constraints were, in fact, one of the main impediments to South-South trade. Would new sources of finance by themselves initiate new trade flows or could increasing demand, combined with quality goods and sound trade policies, attract the necessary finance from existing sources? He then referred to the structural problems that would not be overcome by finance alone. He was also concerned that the comparatively high risk of focusing on South-South trade finance could undermine the financial viability of the proposed facility. Lastly, he asked whether closer cooperation among existing export facilities would not be a cheaper and more flexible solution than establishing a new institution. He also pointed out that questions as to what should be done to facilitate trade, what could be done, and in what order, could only be approached when there was a full picture of all impediments to trade among developing countries as required by Board resolution 385 (XXXVII). He stated that Group B was looking forward to that study.

383. In its work on these questions, the members of Group B would keep in mind the remarks by the representative of Sudan on behalf of the Group of 77 concerning the importance of the subject for the developing countries.

384. The representative of the Netherlands, speaking on behalf of the European Economic Community and its member States, endorsed the statement made by the representative of Germany on behalf of Group B, and shared his view that there had been too little time for a thorough examination of the useful documents on trade financing before the Committee. She said that the special importance which the Community attached to cooperation among developing countries was closely linked to the Community's own experience of integration. The Community was convinced that, especially in Africa, development depended very largely on progress in integration and regional cooperation, and had therefore agreed at the recent Maastricht Conference to coordinate the preparation of a programme to promote regional cooperation in Africa, to be completed in 1992. In the same connection, she referred to the financing of 1.25 billion Ecus envisaged by Lomé IV for regional aid programmes.

385. She concurred with the spokesman for Group B on the vital role of South-South trade in regional integration and on the numerous obstacles to such trade, among other things in trade financing. Some of the more serious obstacles included the non-convertibility of currencies (and the constraints linked to the shortage of foreign exchange), the lack of adequate clearing systems, the instability of exchange rates, the internal and external macroeconomic disequilibria, the absence of appropriate mechanisms for dispute settlement between developing country exporters and importers, marketing problems, and tariff and non-tariff barriers.

386. Hailing the recent decision of the African countries to form an African Economic Community, she advocated integration models for developing countries that would address all the specific needs of participants and would handle their specific obstacles.

387. The representative of Sudan reiterated his country's deep appreciation of the documents prepared by the secretariat, and its support for the proposed interregional trade financing facility. This facility, he believed, would offer hopes of a better future and of increased development. He was convinced that South-South trade needed a special impetus which could be given by such a facility. He drew attention to the fact that the ITFF could be of benefit to the economy of the world as a whole rather than to the developing countries alone. He sought support from other countries for the positive aspects of the proposal and urged the launching of consultations on the matter. Finally, he stressed the importance of adequate funding for the financial success of the ITFF.

388. The representative of Algeria proposed that a common assessment should be made by all the countries concerned of the proposal to set up an interregional trade financing facility parallel to consultations with Governments on this issue. She said that her country had always attached importance to South-South cooperation and its mutual benefits. She cited Algeria's participation in the Arab Maghreb Union, in the African Economic Community, in the Global System of Trade Preferences among developing countries and in the Group of 15 as examples of its active participation in South-South matters. She noted, however, that economic cooperation among developing countries was not a substitute for North-South relations, pointing out that, in the solution of the enormous problems of debt overhang, terms of trade deterioration and painful adjustment programmes, the developing countries found cooperation with the industrialized countries to be indispensable.

389. At the 3rd meeting of the Sessional Committee, on 1 October 1991, the spokesman for the Group of 77 (Sudan) introduced a draft resolution on the agenda item, on behalf of the States members of the Group of 77 (TD/B(XXXVIII)/SC.2/L.2).

Action by Sessional Committee II

390. At its 2nd meeting, on 27 September 1991, Sessional Committee II took note of the secretariat report and study contained respectively in documents TD/B/1300 and Corr.1, and Supp.1, and of the study in document TD/B/1300/Supp.2, as well as of the comments made on these.

391. At the 4th (closing) meeting of the Sessional Committee, on 4 October 1991, the Chairman introduced his draft resolution on the agenda item (TD/B(XXXVIII)/SC.2/L.3).

392. At the same meeting, the Sessional Committee approved the draft resolution submitted by the Chairman.

393. The draft resolution submitted by Sudan on behalf of the States members of the Group of 77 (TD/B(XXXVIII)/SC.2/L.2) was withdrawn by its sponsors.

Action by the Board

394. At its 797th (closing) meeting, on 4 October 1991, the Trade and Development Board adopted draft resolution TD/B(XXXVIII)/SC.2/L.3 without dissent. (For the text, see part I above, resolution 394 (XXXVIII)).

395. At the same meeting the Board took note of the report by the UNCTAD secretariat entitled "Evaluation of performances and issues of trade financing in developing countries: the case for and the viability of an interregional facility" (TD/B/1300 and Corr.1) and of the studies contained in TD/B/1300/Supp. 1 and Supp. 2. The Board also took note of the report of the Expert Group on Trade Financing Mechanisms in and among Developing countries (TD/B(XXXVIII)/Misc.3).

B. Report of the Secretary-General of UNCTAD in accordance with Conference resolution 137 (VI) concerning land-locked developing countries (Item 8 (b))

396. For its consideration of this item, the Board had before it the following documentation:

> "Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries" - report by the UNCTAD secretariat (TD/B/1301 and Add.1 and 2);
>
> Texts of selected resolutions and decisions of the General Assembly and the Trade and Development Board (TD/B(XXXVIII)/CRP.1).

Consideration in Sessional Committee II

397. In introducing this agenda item, the Director of the Special Programme for Least Developed, Land-Locked and Island Developing Countries summarized the secretariat report, which had been prepared in response to General Assembly resolution 44/214 and Conference resolution 137 (VI). He noted that the report, after briefly assessing the current transit-transport situation in the developing regions and subregions, analysed recent developments and problems in individual land-locked developing countries. It also outlined the actions which should be undertaken by both the countries themselves and the international community in specific areas in order to improve the transit-transport situation in these countries. The analytical part of the report was supplemented by a summary of replies from governments, international organizations and intergovernmental bodies regarding their actions on behalf of the land-locked developing countries, as well as by information on UNCTAD's own work on these countries.

398. In connection with the heavy burden of additional transport costs that land-locked countries had to bear, he noted that, according to the information available to the secretariat, a significant portion of the earnings from exports of goods and services was absorbed by payments to foreign carriers for transport services. In some extreme cases such payments, which included higher insurance and demurrage charges, amounted to as much as 50 per cent of their export earnings.

399. With respect to the priority areas for action, these included the rehabilitation, maintenance and improvement of physical infrastructures such as railways, roads, ports and warehouses along the transit corridors; improvements in their management; the development of air cargo handling capacities and surface distribution systems; the promotion of regional arrangements for air cargo operations; the expansion of communications

systems, particularly between ocean ports and inland destinations in the land-locked developing countries; the streamlining of transit documentation and customs procedures related to the movement of transit cargo; and the improvement of coordination arrangements between all relevant institutions involved in transit-traffic operations in both the private and public sectors. Effective action in these fields would require cooperation between land-locked countries and their transit neighbours at bilateral and subregional levels as well as expanded financial and technical assistance from donors.

400. Referring to UNCTAD's technical assistance activities on behalf of the land-locked countries, he said that UNCTAD had been helping these countries and their transit neighbours through its technical cooperation programme, with financing from UNDP and USAID, to improve transit facilities in Southern, East-Central and West-Central Africa. The project activities focused on dry port development; trade facilitation; bilateral road transit agreements; the development of alternative transit routes; and the development of an advance cargo information system (ACIS) along the major transit corridors. In the Asian region, where UNCTAD - with UNDP financing - had provided technical assistance advisory services to the land-locked countries, a number of the recommendations made had been implemented by the countries themselves and the donor community.

401. He assured the Committee that the UNCTAD secretariat stood ready to assist the land-locked and transit countries in their efforts to improve transit facilities for the trade of land-locked developing countries through technical cooperation and through the promotion of a cross-regional interchange of information and experience in cooperation with regional and subregional organizations both within and outside the United Nations system.

402. The representative of Bolivia noted that the particular problems facing the land-locked developing countries, which were related to the lack of sovereign access to the sea, had an adverse impact on all aspects of development in those countries, and particularly on foreign trade. He referred to the enormous efforts being made by Bolivia to improve the transit-transport infrastructure facilities along the transit routes to the ocean ports on the Pacific and Atlantic oceans. The projects in question were being implemented in collaboration with the respective transit countries. He emphasized, however, that such efforts could not be a substitute for Bolivia's inalienable right of sovereign access to the Pacific ocean.

403. The representative of China commended the secretariat report for the excellent background information it provided on the particular difficulties and needs of the land-locked developing countries. The report also outlined priority areas for action by the international community and put forward useful suggestions for measures to be undertaken in those areas.

404. She noted that the land-locked developing countries, many of which were also classified as least developed, faced serious development problems, accentuated by their lack of territorial access to the sea and remoteness from world markets. Consequently, they had to bear heavy transport costs which, added to their external debt burden and the deterioration in their terms of trade, had seriously affected their economic growth.

405. During the 1980s, the land-locked countries had made great efforts to improve their economic situation and the international community had also made efforts accordingly. Such efforts should be further encouraged through the continued support of the international community. The land-locked developing countries needed to formulate a long-term strategy designed to alleviate their particular problems, and to strengthen their cooperation with the transit countries concerned, through bilateral consultations, in the solution of the transit problems that could stand to benefit both groups. Developed countries in a position to do so and financial institutions, whether multilateral or bilateral, should also continue to provide assistance to improve transit-transport infrastructure facilities of all land-locked developing countries, including those transit developing countries that required assistance. Finally, she referred to the recently signed agreement between China and Mongolia designed to facilitate Mongolia's access to the sea.

406. The representative of Uganda noted that the report by the UNCTAD secretariat made a valuable assessment of the transit-transport situation in the different regions and subregions. The range of problems faced by land-locked developing countries and their transit neighbours covered such areas as inadequate transit-transport infrastructure facilities and services, poor management of transit-transport operations, cumbersome customs procedures in the clearing of transit goods, poor communications along the transit corridors, and weak institutional arrangements for implementing effective transit-traffic policies. In order to overcome these problems the land-locked countries and their transit neighbours urgently needed further support by the international community.

407. Referring to the efforts made by the Government of Uganda to alleviate its transit-transport problems, he noted that, together with Kenya, Burundi, Rwanda and Zaire, Uganda was a co-signatory of the Northern Corridor Transit Agreement, designed to improve transit-transport facilities and services. Uganda was also a co-sponsor of the UNDP/UNCTAD transit-transport project to improve the transit system within the East-Central African subregion, and had a working agreement with the United Republic of Tanzania which provided an alternative route through the port of Dar-es-Salaam.

408. With respect to the work of the UNCTAD secretariat on behalf of the land-locked countries and their transit neighbours, he said it was essential to strengthen the Special Programme in the secretariat dealing with the problems of land-locked developing countries. The increased support should be aimed at enabling the Special Programme to carry out more in-depth policy studies which would make it possible to provide more effective policy advice and technical assistance to land-locked countries and their transit neighbours. The UNCTAD secretariat should also be further assisted to play a more effective role as a focal point for mobilizing international support at a global level.

409. In concluding, he wished to commend, on behalf of his Government, the efforts of the World Bank and EEC in supporting the projects of the Northern Corridor and improving its transport system connecting it to the ports of Mombasa and Dar-es-Salaam.

Action by Sessional Committee II

410. At its 2nd meeting, on 27 September 1991, Sessional Committee II took note of the report of the secretariat as contained in documents TD/B/1301 and Add.1 and 2, as well as of the comments made thereon.

Action by the Board

411. At its 797th (closing) meeting, on 4 October 1991, the Trade and Development Board took note of the report by the UNCTAD Secretariat entitled "Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries (TD/B/1301 and Add.1-2).

C. Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session (Item 8 (c))

412. For its consideration of this item, the Board had before it the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session (ITC/AG(XXIV)/128 and Add.1) distributed under cover of TD/B/1302.

413. The Chairman of the Joint Advisory Group (Finland), introducing the report, referred to the opening statement of the Executive Director of ITC in which he had given an overview of ITC's work in the current and coming period and had also announced that he would be leaving that post at the end of 1991. The Group had unanimously expressed its appreciation to the Executive Director for the outstanding services that he had rendered to ITC and to developing countries over the past 10 years.

414. The Chairman of the Group then reviewed the main conclusions and recommendations formulated during the twenty-fourth session, focusing on those regarding subprogrammes that had received particular attention by the Group. The Group had endorsed the priorities, as refined by the Centre, under ITC's Medium-Term Plan 1992-1997.

415. He stated that the Joint Advisory Group had set up a Working Group to study funding reforms and a consultative mechanism for ITC, following a proposal made at ITC's Technical Meeting in January 1991. The Working Group, under the chairmanship of the Chairman of the Joint Advisory Group, had been requested to report on its findings and recommendations to ITC's Technical Meeting in January 1992.

416. He noted with appreciation that at the Group's session the following countries had announced trust fund contributions to ITC: Austria, Canada, China, Denmark, Finland, France, Germany, India, Indonesia, Ireland, Japan, Malta, the Netherlands, Norway, Poland, Republic of Korea, Sri Lanka, Sweden and Switzerland. On behalf of the Joint Advisory Group, he expressed his gratitude to the Governments of these countries.

417. The representative of Denmark, speaking on behalf of the Nordic countries (Finland, Norway, Sweden and Denmark) noted that the voluntary contributions of the four countries accounted for more than half of ITC's trust funds, which reflected their recognition of the quality of the Centre's work. The

twenty-fourth session of the Group had been very important because of its view of ITC's future activities, in particular the refinement of priorities under ITC's Medium-term Plan. The Nordic countries encouraged other countries to increase their voluntary contributions to ITC and to consider providing global, untied funds. They welcomed the Joint Advisory Group's decision to set up a Working Group to study funding reforms and a consultative mechanism as proposed by the Government of Sweden. In closing, he praised the Executive Director of ITC for his 10 years of distinctive service in that post.

418. The spokesman for the Group of 77 (Chile) expressed the appreciation of the Group of 77 for the excellent work that ITC carried out on behalf of developing countries. The fact that donors were continuously increasing their support for ITC's activities attested to the importance that these Governments attached to the Centre. He noted that ITC's technical cooperation activities had doubled in value since 1985 and said that the Group of 77 welcomed this expansion.

419. The representative of China reviewed various aspects of ITC's technical cooperation activities and commended the effective manner in which they were implemented. Given the changes taking place in the world situation, he hoped that ITC would continue this work, in particular for the benefit of low-income countries. He encouraged more developed countries to provide voluntary contributions to the Centre. In closing, he expressed his Government's appeciation to the Executive Director for his service in the post.

420. The Deputy Secretary-General of UNCTAD, on behalf of the Secretary-General of UNCTAD, paid tribute to Mr. Goran Engblom, the Executive Director of ITC. He mentioned in particular the important role that the Executive Director had played in reinforcing cooperation between ITC and other United Nations bodies, including UNCTAD.

421. At the 791st meeting, on 25 September 1991, the spokesman for the Group of 77 (Chile) introduced a draft decision on agenda item 8 (c) which had been submitted by Sudan on behalf of the States members of the Group of 77. (Subsequently circulated as TD/B/L.921).

Action by the Board

422. At its 791st meeting, on 25 September 1991, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session (ITC/AG(XXIV)/128 and Add.1, issued under cover of TD/B/1302) and of the comments made thereon.

423. At its 797th (closing) meeting, on 4 October 1991, the Board adopted the draft decision on agenda item 8 (c) which the President had submitted as a result of informal consultations (TD/B/L.926). (For the text of the decision, see part I above, decision 395 (XXXVIII).

424. At the same meeting, draft decision TD/B/L.921 was withdrawn by its sponsors.

D. Progressive development of the law of international trade: twenty-fourth annual report of the United Nations Commission on International Trade Law (Item 8 (d))

Action by the Board

425. At its 791st meeting, on 25 September 1991, the Board took note of the report of the United Nations Commission on International Trade Law on its twenty-fourth session (A/46/17), which was before the Board under cover of a note by the UNCTAD secretariat (TD/B/1303).

Chapter VII

CLOSING STATEMENTS MADE AT THE 797TH (CLOSING) PLENARY MEETING OF THE TRADE AND DEVELOPMENT BOARD ON 4 OCTOBER 1991

426. The spokesman for the Group of 77 (Sudan), noting that good progress had been made in building the political momentum for UNCTAD VIII, said that the very constructive and wide-ranging exchange of views on interdependence had considerable significance in terms of the substantive outcome of UNCTAD VIII as well as for the institutional role of UNCTAD. The Group of 77 had been able to indicate areas of priority action where it expected its developed partners to show political will and to take positive action. The Board had also reaffirmed the global policy analysis and coordination role which an apex organization dealing with trade and development like UNCTAD should have in a world which was fast globalizing and developing unprecedented linkages between policy areas, economic sectors and countries.

427. He considered that the resolution which the Board had adopted on debt (resolution 396(XXXVIII)) was important and balanced. It recognized some improvement in the debt strategy but also expressed concern at the fact that debt was continuing to represent a serious obstacle to development. The resolution acknowledged that there was a need for continuing efforts in this field and the international community had committed itself to engage at UNCTAD VIII in discussions with a view to reinforcing the international debt strategy.

428. The Group of 77 was also happy that sustainable development had been given due emphasis during the current session. More participants, especially in the Group of 77, were taking part in the discussions. This showed a responsiveness on the part of the developing countries to global issues, in spite of the fact that the internalization of sustainable development would pose special and difficult problems, with serious implications for their efforts to accelerate their growth and to eradicate poverty. He hoped that this positive response would not go unnoticed by the developed countries that were mainly responsible for the environmental degradation. In the view of his Group, sustainable development at the global level must be supported by strong measures taken by developed countries, not only through self-restraint on their part but also through deployment of additional resources and environmentally sound technologies on concessional and preferential terms to the developing countries. He was therefore happy that the resolution just adopted on sustainable development (resolution 393(XXXVIII)) expressed the agreement that such transfers were an essential component of a successful strategy for sustainable development, and that it reaffirmed and strengthened UNCTAD's role in dealing with all environment issues that had a bearing on trade and development and in following up the outcome of the United Nations Conference on Environment and Development (UNCED).

429. Another achievement during this Board was the consensus resolution on ECDC and the problems of trade and trade financing (resolution 394(XXXVIII). This resolution testified to the collective will, of developed and developing countries alike, to provide every necessary support to ECDC, which was an important endeavour in international economic cooperation and an incremental

dimension in meaningful North-South cooperation. Trade financing had a central role to play in boosting interregional trade among developing countries, and he viewed the role of an interregional trade financing facility (ITFF) as critical and helpful, not only to the South, but also to the overall world economy. The time had come for policy measures and actions in the direction of an ITFF, and he called upon all concerned to play their role in supporting this process, whose feasibility had been underlined by both the Group of Experts and the secretariat. The Group of 77 would spare no effort in collaborating with its development partners and all appropriate institutions to make this a successful project, with a qualitative addition to trade expansion, trade creation, and global economic cooperation.

430. With regard to the decision adopted on the Joint Advisory Group on the International Trade Centre UNCTAD/GATT (decision 395(XXXVIII)), the Group of 77 welcomed the growing collaboration at the operational level between UNCTAD and ITC in such areas as training, information, trade policy/export development and commodities, and he felt sure that this sentiment was shared by recipient and donor countries alike.

431. Turning to the preparations for UNCTAD VIII, he expressed his Group's deep appreciation and gratitude to the delegation of Colombia for its magnificent presentation. The delegation of Colombia deserved the full support and cooperation of all participants. The Group of 77 truly believed that UNCTAD VIII would provide a new departure for an evolving new consensus on development that would give the institution of UNCTAD a more significant role in integrating the development issue into the total international economic problematique. In order to do that, the international community had to ensure that the institution of UNCTAD was in such a healthy state as to be able to respond to the challenges of the 1990s on two fronts - the secretariat and the intergovernmental machinery. His Group fully supported the proposals made by the Secretary-General of UNCTAD to push forward the preparatory process, and he gave an assurance that the Group of 77's involvement in the informal process would be at the highest level.

432. The spokesman for Group B (Italy) expressed his Group's satisfaction at the conclusion of the current session. The Board had adopted by consensus a number of resolutions and decisions in an atmosphere of mutual understanding. The Board had also agreed on the next steps to be taken in the preparatory process leading up to UNCTAD VIII. The spirit of cooperation and mutual understanding prevailing during the Board would continue to guide the members of his Group during the preparations and during the Conference itself. Finally, he expressed his Group's deep appreciation to the delegation of Colombia for the excellent presentation it had made during the current session of the Board.

433. The representative of China observed that, at its current session, the Board had achieved positive results thanks to the efforts made on all sides, although he noted that there were still a number of unsatisfactory points to be settled. Positive work had been done in preparation for UNCTAD VIII, and he expressed his delegation's appreciation to the Colombian authorities for the preparatory work done so far. China agreed that the preparatory process should now be accelerated and that the relevant informal consultations should begin right away after the current session of the Board, so that good foundations would be laid for the Conference.

434. The spokesman for Group D (Bulgaria) said that the current session of the Board had been positive and successful. The agenda had provided opportunities to conduct intensive discussions on a large number of important issues. The deliberations had been conducted in a businesslike and constructive atmosphere, and this had helped the participants to arrive at an agreed outcome on the issues of debt and development problems of developing countries, interdependence and ECDC. Finally, he expressed his Group's appreciation to the Secretary-General of UNCTAD for his personal efforts and involvement during the Board, as well as for his ideas and proposals on the future work of UNCTAD.

435. The President observed that the current session of the Board had been stimulating, enriching and positive, and he commended the receptive, open and cooperative attitude displayed by the participants.

436. Turning to a theme of topical interest in the Board - namely the revitalization of UNCTAD - he said that, although this was not a specific agenda item, he was aware that many delegations had felt sufficiently motivated to pose institutional questions. In his view, UNCTAD, as an institution, could only be what its member States wanted it to be. It was incumbent upon the member States, in full cooperation with the UNCTAD secretariat, to guide, direct and support UNCTAD's role as the primary international institution for analysis and dialogue among countries on international trade and development issues. He believed there was a general sentiment in favour of strengthening, rather than diminishing, the role of UNCTAD in the years ahead.

437. With regard to interdependence, the Board had engaged in an interesting debate which had been intermingled with issues on debt and on institutional revitalization. There had been general agreement that the world was now a global village, its peoples bound together by the interdependence of key economic sectors covering trade, money and finance. A broad consensus had emerged on the need for improved management of interdependence to make it supportive of the development process of all countries. A successful and balanced outcome to the Uruguay Round of multilateral trade negotiations would make an important contribution in this direction. An outcome which was fair and beneficial to all countries would go a long way towards safeguarding an open, global, multilateral trading system, as well as enhancing the participation of developing countries in world trade. It was thus disturbing to note the dichotomous trend in trade liberalization, with the South taking the lead while the North was falling behind.

438. Finding a viable and lasting solution to the international debt crisis was another essential requirement for improved management of interdependence. It is thus a subject of vital importance to the international community as a whole. Although there had been some positive new debt relief initiatives, and in spite of vigorous adjustment measures taken by debtor developing countries, the debt crisis remained a crucial one. International efforts to find innovative and lasting solutions to the debt crisis needed to be intensified, and the Board had made a very positive contribution in this direction by adopting a resolution on debt that highlighted some of the important issues requiring urgent attention.

439. Turning to the preparations for UNCTAD VIII, he observed that the confirmation of the period 16 to 23 November 1991 for the Ministerial Meeting of the Group of 77 would leave adequate time for the intergovernmental preparatory process for the Conference. He felt that the informative and colourful presentation by the Colombian authorities on UNCTAD VIII and their expressed intention to be a successful host country challenged the participants in Geneva to spare no effort in launching the preparatory process.

440. Finally, he expressed the view that the resolutions adopted at the current session of the Board - including those on sustainable development and on South-South trade financing - were concrete examples of the constructive and cooperative dialogue that had prevailed throughout the session.

Chapter VIII

PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the session

441. In the absence of Mr. Emilio Artacho Castellano (Spain), President of the Board at its thirty-seventh session, the first part of the thirty-eighth session was opened on 23 September 1991 by Mr. J.F. Boddens-Hosang (Netherlands), one of the Vice-Presidents at the thirty-seventh session.

B. Election of officers

(Agenda item 1 (a))

442. At its 789th (opening) meeting, on 23 September 1991, the Board elected as President of its thirty-eighth session, by acclamation, Mr. Thomas Ogada (Kenya), who, in accordance with the provisions of Board decision 338 (XXXIII), had been designated by the Board at the second part of its thirty-seventh session. (For the statement made by the President upon his election, see part II, Introduction, paras. 1-4).

443. At the same meeting, the Board elected the following other members of its Bureau:

Vice-Presidents:

Mr. Morris B. ABRAM	(United States of America)
Mr. Petr BAMBAS	(Czechoslovakia)
Mr. Lloyd M.H. BARNETT	(Jamaica)
Mr. Johan Frederik BODDENS-HOSANG	(Netherlands)
Ms. Taous FEROUKHI	(Algeria)
Mr. Giulio di LORENZO BADIA	(Italy)
Mr. Jamtono RAHARDJO	(Indonesia)
Mr. Fawaz SHARAF	(Jordan)
Mr. T.V. TEODOROVICH	(Union of Soviet Socialist Republics)
Mr. Arnold WILLEN	(Sweden)

Rapporteur: Mr. Iñigo SALVADOR-CRESPO	(Ecuador)

C. Adoption of the agenda and organization of work of the session

(Agenda item 1 (b))

444. At its 789th meeting, the Board adopted the provisional agenda approved at its 788th meeting, together with the annotations thereto (TD/B/1299 and Add.1). (The agenda as adopted is reproduced in annex I below).

445. At the same meeting, the Board endorsed the organizational suggestions approved during the pre-sessional consultations (TD/B/1299/Add.2).

D. Establishment of sessional bodies

446. At its 789th meeting, the Board established two sessional committees of the whole, allocating agenda items to them for consideration and report as follows:

> Sessional Committee I: item 4 (UNCTAD's contribution to sustainable development) and item 5 (Assistance to the Palestinian people).
>
> Sessional Committee II: item 8 (a) (Economic cooperation among developing countries: financing of South-South trade) and item 8 (b) (Report of the Secretary-General of UNCTAD on land-locked developing countries).

All other items would be taken up in plenary.

Sessional Committee I

447. At its 1st meeting, on 23 and 26 September 1991, Sessional Committee I elected the following officers to serve on its Bureau:

Chairman: Mr. Ioannis Kinnas (Greece)

Vice-Chairman-cum-Rapporteur: Mrs. Maria Lúcia Santos Pompeu Brasil (Brazil).

448. In the course of the session, Sessional Committee I held four meetings.

449. At its 4th (closing) meeting, on 4 October 1991, Sessional Committee I adopted its draft report (TD/B(XXXVIII)/SC.1/L.1 and Add.1-2), with some minor amendments, and authorized the Rapporteur to complete the report as appropriate.

Sessional Committee II

450. At its 1st meeting, on 23 and 26 September 1991, Sessional Committee II elected the following officers to serve on its Bureau:

Chairman: Mr. Leslie B. Gatan (Philippines)

Vice-Chairman-cum-Rapporteur: Mr. Alexii Rybak (Ukraine).

451. In the course of the session, Sessional Committee II held four meetings.

452. At its 4th (closing) meeting, on 4 October 1991, Sessional Committee II adopted its draft report (TD/B(XXXVIII)/SC.2/L.1 and Add.1-2), with some minor amendments, and authorized the Rapporteur to complete the report as appropriate.

Action by the Board

453. At its 797th (closing) meeting, on 4 October 1991, the Board took note of the reports of the Sessional Committees I and II and decided to incorporate them into the report of the Board on the first part of its thirty-eighth session, as appropriate.

E. Membership and attendance*

454. The following States members of UNCTAD, members of the Board, were represented at the session: Afghanistan; Algeria; Argentina; Australia; Austria; Bahrain; Bangladesh; Belarus; Belgium; Bhutan; Bolivia; Brazil; Bulgaria; Burundi; Canada; Chile; China; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Czechoslovakia; Democratic People's Republic of Korea; Denmark; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Finland; France; Gabon; Germany; Ghana; Greece; Hungary; India; Indonesia; Iran (Islamic Republic of); Ireland; Israel; Italy; Jamaica; Japan; Jordan; Kenya; Kuwait; Lebanon; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Malta; Mexico; Mongolia; Morocco; Myanmar; Namibia; Nepal; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Oman; Pakistan; Panama; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; Saudi Arabia; Senegal; Singapore; Somalia; Spain; Sri Lanka; Sudan; Sweden; Switzerland; Syrian Arab Republic; Thailand; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukraine; Union of Soviet Socialist Republics; United Arab Emirates; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zimbabwe.

455. The following States members of UNCTAD, not members of the Board, were represented at the session: Dominica; Holy See.

456. Palestine participated pursuant to General Assembly resolution 3237 (XXIX). The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

457. The Economic Commission for Africa was represented at the session. The International Trade Centre UNCTAD-GATT was also represented at the session.

458. The following specialized agencies were represented at the session: Food and Agriculture Organization of the United Nations; World Bank; International Monetary Fund; World Intellectual Property Organization; United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented at the session.

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* For the list of participants, see TD/B/INF.184.

459. The following intergovernmental organizations were represented at the session: ACP-EEC Joint Assembly; African, Caribbean and Pacific Group of States; European Economic Community; International Organization for Migration; International Textiles and Clothing Bureau; Latin American Economic System; League of Arab States; Organisation for Economic Co-operation and Development; Organization of African Unity; Permanent Secretariat of the General Treaty on Central American Economic Integration.

460. The following non-governmental organizations were represented at the session: General Category: International Chamber of Commerce; International Confederation of Free Trade Unions; World Assembly of Small and Medium Enterprises; World Federation of United Nations Associations. Special Category: International Air Transport Association.

F. Adoption of the report on credentials

(Agenda item 1 (c))

461. At its 797th meeting, on 4 October 1991, the Board adopted the report submitted by the Bureau on the credentials of all representatives attending the session (TD/B/1307).

G. Provisional agenda for the second part of the thirty-eighth session of the Board

(Agenda item 1 (d))

462. At its 797th meeting, the Board approved the provisional agenda for the second part of its thirty-eighth session, as contained in TD/B/L.924 (see annex II below). In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments, in particular UNCTAD VIII. This arrangement was on the understanding that any amendments or additions would be subjected to consultations with the representatives of regional groups within the framework of the consultative machinery established by Board decision 143 (XVI) and Board resolution 231 (XXII). The Board also requested the Secretary-General of UNCTAD to consult delegations regarding the organization of work of the session and to circulate his suggestions thereon.

H. Treatment of new States members of UNCTAD for purposes of elections

(Agenda item 9 (a))

463. At the 789th meeting, on behalf of the Board, the President congratulated the seven States which the General Assembly had admitted to membership in the United Nations on 17 September 1991 (two of which, the Democratic People's Republic of Korea and the Republic of Korea, were already members of UNCTAD). The Board took note that the other five new Members of the United Nations (Federated States of Micronesia; Republic of the Marshall Islands; Republic of Estonia; Republic of Latvia; and Republic of Lithuania) had, by virtue of their membership in the United Nations, automatically become members of UNCTAD under the provisions of General Assembly resolution 1995 (XIX), thus bringing the membership of UNCTAD to 171.

464. The President recalled that, also in accordance with General Assembly resolution 1995 (XIX) (Section II, para. 6), the lists of States for purposes of elections, contained in the annex to that resolution, shall be reviewed periodically by the Conference in the light of changes in the membership of the Conference and other factors.

I. Announcement of any changes in the membership of the Board and election to membership of main Committees

(Agenda item 9 (b))

465. At its 789th meeting, the Board elected Dominica to membership of the Committee on Shipping, the Committee on Transfer of Technology, and the Committee on Economic Co-operation among Developing Countries; and Gabon to membership of the Committee on Transfer of Technology, and confirmed the membership of the Board and its main Committees as follows: Trade and Development Board - 130; Committee on Commodities - 106; Committee on Manufactures - 100; Committee on Invisibles and Financing related to Trade - 102; Committee on Shipping - 103; Committee on Transfer of Technology - 100; Committee on Economic Co-operation among Developing countries - 110.

J. Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1992

(Agenda item 9 (c))

466. At its 797th meeting, the Board decided that the membership of the Working Party on the Medium-term Plan and the Programme Budget for 1992 would consist of the following 19 States:

467. Argentina; Australia; Bulgaria; Brazil; China; Egypt; Germany; India; Japan; Nigeria; Norway; Peru; Philippines; Poland; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; and Yugoslavia.

K. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 9 (d))

468. At its 797th meeting, the Board took note that there were no applications for status from intergovernmental organizations before the Board at the first part of its thirty-eighth session.

L. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 9 (e))

469. At its 797th meeting, the Board decided to designate and classify the following three non-governmental organizations for the purposes of rule 77 of the rules of procedure, as follows:

General Category: International Express Carriers Conference (IEEC) (document TD/B/R.61/Add.1);* Liaison Committee of Development Non-Governmental Organizations to the European Communities (document TD/B/R.61/Add.2);*

Special Category (Committee on Shipping): Institute of Chartered Shipbrokers (document TD/B/R.61/Add.3).*

470. The Board noted that the International Shipowners' Association (INSA), based in Gdynia, Poland, had been dissolved on 30 April 1991 and had therefore been deleted from the list of non-governmental organizations in status with UNCTAD.

M. Review of the calendar of meetings

(Agenda item 9 (f))

471. For the action on this sub-item, see part I above, decision 397 (XXXVIII).

N. Administrative and financial implications of the actions of the Board

(Agenda item 9 (g))

472. No specific administrative or financial implications were submitted to the Board.

O. Other business

(Agenda item 10)

- Draft convention on maritime liens and mortgages

473. For the action by the Board on this item, see part I, section C (Other action by the Board).

P. Adoption of the report of the Board

(Agenda item 11)

474. At its 797th (closing) meeting, on 4 October 1991, the Board adopted its draft report (TD/B/L.922 and Add.1-7), with a few minor amendments, and authorized the Rapporteur to complete the final version as appropriate. It further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

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* Now derestricted.

Annex I

AGENDA FOR THE FIRST PART OF THE THIRTY-EIGHTH SESSION OF THE TRADE AND DEVELOPMENT BOARD*

1. Procedural matters:
   (a) Election of officers;
   (b) Adoption of the agenda and organization of work of the session;
   (c) Adoption of the report on credentials;
   (d) Provisional agenda for the second part of the thirty-eighth session of the Board
2. Interdependence of problems of trade, development finance and the international monetary system
3. Debt and development problems of developing countries
4. UNCTAD's contribution, within its mandate, to sustainable development (Board decision 384(XXXVII))
5. Assistance to the Palestinian people (Conference resolutions 146 (VI) and 169 (VII))
6. Preparations for the eighth session of the United Nations Conference on Trade and Development
7. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:
   (a) Report of the Working Party on the Medium-term Plan and the Programme Budget;
   (b) Report of the Committee on Transfer of Technology;
   (c) Report of the Special Committee on Preferences;
   (d) Report of the Ad Hoc Review Meeting on Bauxite
8. Other matters in the field of trade and development:
   (a) Economic cooperation among developing countries:
      - Financing of South-South trade (paragraph 4 (c) (iii) of resolution 4 (V) of the Committee on Economic Co-operation among Developing Countries);

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* Adopted by the Board at its 789th meeting on 23 September 1991.

(b) Report of the Secretary-General of UNCTAD in accordance with Conference resolution 137 (VI) concerning land-locked developing countries;

(c) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session;

(d) Progressive development of the law of international trade: twenty-fourth annual report of the United Nations Commission on International Trade Law

9. Institutional, organizational, administrative and related matters:

(a) Treatment of new States members of UNCTAD for purposes of elections;

(b) Announcement of any changes in the membership of the Board and election to membership of main Committees;

(c) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1992;

(d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(f) Review of the calendar of meetings;

(g) Administrative and financial implications of the actions of the Board

10. Other business

- Draft convention on maritime liens and mortgages

11. Adoption of the report of the Board.

Annex II

PROVISIONAL AGENDA FOR THE SECOND PART OF THE THIRTY-EIGHTH SESSION OF THE TRADE AND DEVELOPMENT BOARD*

1. PROCEDURAL MATTERS

    (a) Adoption of the agenda and organization of the work of the session;

    (b) Adoption of the report on Credentials;

    (c) Provisional agenda for the first part of the thirty-ninth regular session of the Board;

    (d) Designation of the President of the thirty-ninth regular session of the Board

2. FOLLOW-UP OF THE RECOMMENDATIONS ADOPTED BY THE CONFERENCE AT ITS EIGHTH SESSION

3. PROTECTIONISM AND STRUCTURAL ADJUSTMENT AND, IN CONJUNCTION THEREWITH, DEVELOPMENTS AND ISSUES OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES IN THE URUGUAY ROUND

4. SERVICES WITHIN THE MANDATE OF UNCTAD (BOARD RESOLUTION 380 (XXXVI))

5. REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

6. OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

    (a) Follow-up to GA action on UN-PAAERD

    [To be completed in the light of developments]

7. OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES

8. INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

    (a) Treatment of new States members of UNCTAD for purposes of elections;

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* Approved by the Board at its 797th meeting, on 4 October 1991 (cf. of part II, para. 463 above).

(b) Announcement of any changes in the membership of the Board and election to membership of main Committees;

(c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(d) Designation and classification of non-governmental bodies for the purposes of rule 77 of the rules of procedure of the Board;

(e) Review of the calendar of meetings;

(f) Administrative and financial implications of the actions of the Board.

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